



KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED

Our Company was incorporated as 'S & S Filled Fibers Limited' under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated November 10, 1983, issued by the Registrar of the Companies, Chennai, Tamil Nadu. The name of Company was changed to 'Hydro S & S Industries Limited' and certificate of change of name dated October 17, 1989 was received and subsequently changed to 'Kingfa Science & Technology (India) Limited' vide certificate of change of name dated February 26, 2016 pursuant to change of name. The Corporate Identification Number (CIN) of the Company is L25209TN1983PLC010438.

Registered Office: Dhun Building, III Floor, 827, Anna Salai, Chennai – 600 002

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Contact Person: Mr. Nirnoy Sur, Company Secretary and Compliance Officer

E-mail: rights@kingfaindia.com; **Website:** www.kingfaindia.com

PROMOTER OF THE COMPANY: KINGFA SCI. & TECH. CO. LIMITED ('KINGFA CHINA')

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF ₹ [●] (INCLUDING PREMIUM OF ₹ [●] PER EQUITY SHARE) FOR AN AMOUNT AGGREGATING UPTO ₹ 15000 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED ("THE COMPANY" OR THE "ISSUER") IN THE RATIO OF [●] EQUITY SHARE FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD (I.E., [●]) BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], (THE "ISSUE").

THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF ₹ 10/- EACH.

FOR FURTHER DETAILS, PLEASE SEE "TERMS OF THE ISSUE" ON PAGE 116 OF THIS DRAFT LETTER OF OFFER

GENERAL RISK

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

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

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

LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE

KEYNOTE



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SEBI Registration No.: INM 000003606

M/s. Integrated Enterprises (India) Limited
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SEBI Registration No.: INR000000544

ISSUE PROGRAMME

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

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

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

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “Kingfa Science & Technology (India) Limited”, “Kingfa India”, “KSTIL”, the/our “Company”, “we”, “our”, “us” or similar terms are to Kingfa Science & Technology (India) Limited or, as the context requires, and references to “you” are to the equity shareholders and/ or prospective investors in the Equity Shares.

Conventional/ General Terms

Term	Description
Companies Act	The Companies Act, 2013 and rules issued thereunder, as amended
Depositories Act	The Depositories Act, 1996 and amendments thereto
Erstwhile Companies Act	The Companies Act, 1956, which has been repealed and replaced by the New Companies Act
EPS	Earnings Per Share
IT Act	The Income Tax Act, 1961 and amendments thereto
Indian GAAP	Generally Accepted Accounting Principles In India
NAV	Net Asset Value per share
PAT	Profit After Tax
RONW	Return on Net Worth
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI Regulations/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto
Securities Act	United States Securities Act of 1933, as amended
Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
Wealth Tax Act	The Wealth Tax Act, 1957 and amendments thereto.

Issue related terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI Regulations
Allotment	Unless the context requires, the allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom Equity Shares are issued pursuant to the Issue
Applicant	Equity Shareholder(s) and/or Renouncees who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Applicant
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Account	Account maintained with a SCSB which will be blocked by such SCSB to the extent of the appropriate amount in relation to an application by an ASBA Investor
ASBA Investor	An investor (Equity Shareholder) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of

Term	Description
	funds in a bank account maintained with SCSBs.
Banker to the Company	CitiBank N.A. and Industrial and Commercial Bank of China Limited (ICBC)
Bankers to the Issue	[●]
Composite Application Form / CAF/ Application Form/ Application	The form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Equity Shares Allotted to one folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/pmd/scsb.html
Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Stock Exchange	BSE Limited
Draft Letter of Offer/ DLOF	The Draft Letter of Offer dated [●] filed with SEBI for its observations.
Equity Share(s) or Share(s)	Equity shares of our Company having a face value of ₹ 10 each unless otherwise specified in the context thereof
Equity Shareholder / Shareholder	Means a holder of Equity Shares of our Company
Financial Year/ Fiscal/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.
Issue/ Rights Issue	Issue of [●] Equity Shares with a face value of ₹ 10 each at a premium of ₹[●] per Equity Share for an amount aggregating upto ₹15000 lacs on a rights basis to the existing Equity Shareholders in the ratio of [●] Equity Share for every [●] fully paid-up Equity Share(s) held (i.e., [●]) by the existing Equity Shareholders on the Record Date. The issue price is [●] times the face value of the Equity Shares..
Investor(s)	Equity Shareholders as on Record Date and/or Renouncees applying in the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	[●]
Issue Price	₹ [●] per Equity Share.
Issue Proceeds	The proceeds of the Issue that are available to our Company
Issue Size	The issue of [●] Equity Shares for an amount aggregating upto ₹ 15000 lacs
Lead Manager/ LM	Keynote Corporate Services Limited
Letter of Offer	The final letter of offer filed with the Stock Exchanges after incorporating the observations received from the SEBI on the Draft Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
MSE	Madras Stock Exchange Limited
MICR	Magnetic Ink Character Recognition.
NECS	National Electronic Clearing Services
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non Institutional Investors	All Investors including sub-accounts of FIIs/ FPIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or

Term	Description
	Retail Individual Investors and who have applied for Equity Shares for a cumulative amount more than ₹ 2 lacs
Promoter/ Company	Promoter The Promoter of our Company, being M/s. Kingfa Sci. & Tech. Co., Limited (' Kingfa China '), having its registered office at No. 33 Ke Feng Road Scientific Centre, Guangzhou Hi-tech Industrial Development Zone, Guangzhou City, China.
Promoter Group	Unless the context requires otherwise, the entities forming part of the promoter group in accordance with the SEBI Regulations and which are disclosed by our Company to the Stock Exchanges from time to time
Offer Document	Means Draft Letter of Offer/ Letter of Offer/ Abridged Letter of Offer
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations, 2009.
Record Date	[●]
Refund through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable
Registrar of Companies/ RoC	The Registrar of Companies, Chennai, Tamil Nadu: Block No.6,B Wing 2nd Floor, Shastri Bhawan 26, Haddows Road, Chennai - 600034
Registrar to the Issue	M/s. Integrated Enterprises (India) Limited
Renouncees	Any persons who have acquired Rights Entitlements from the Equity Shareholders through renunciation
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount not more than ₹ 2 lacs (including HUFs applying through their Karta)
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
RTGS	Real Time Gross Settlement
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in

Company Related and Industry Related Terms

Term	Description
Articles/ Association/ AoA	Articles of Association of our Company, as amended
Air Act	Air (Prevention and Control of Pollution) Act, 1981
Auditor	M/s. P. Srinivasan & Co., our statutory auditors
Board/ Board of Directors	Board of Directors of our Company including any committees thereof.
BIFR	Board for Industrial and Financial Reconstruction
Memorandum/Memorandum of Association/ MOA/ MoA	The memorandum of association of our Company, as amended
MTPA	Metric Tonnes Per Annum
NOC	No Objection Certificate
OEM	Original Equipment Manufacturer
PA	Polyamide
PBT	Polybutylene terephthalate
PBTP	Poly Butylene Terephthalate
PMMA	Poly (methyl methacrylate)
PP	Polypropylene
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
ROSH	Restriction of Hazardous Substances
Water Act	Water (Prevention and Control of Pollution) Act, 1974

Conventional and General Terms and Abbreviations

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited
NSE	National Stock Exchange of India Limited
CDSL	Central Depository Services (India) Limited
DIN	Director Identification Number
DP	Depository Participant
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FPIs	Foreign Portfolio Investors
HUF	Hindu Undivided Family
ICL	Inter Corporate Loans
ISIN	International Securities Identification Number
IT	Information Technology
Ltd	Limited
MSE	Madras Stock Exchange Limited
NAV	Net Asset Value
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Body
PAN	Permanent Account Number
PBT	Profit Before Tax
PVT/ Pvt	Private
RBI	Reserve Bank of India
Regulation S	Regulation S of the U.S. Securities Act of 1933, as amended
Re./₹/Rupees/INR/ ₹	Indian Rupees
RMB	Renminbi
SCORES	SEBI Complaints Redress System
SEBI	Securities and Exchange Board of India
Stock Exchanges	BSE and NSE

NOTICE TO OVERSEAS SHAREHOLDERS

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

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

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

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

In this Draft Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “Kingfa Science & Technology (India) Limited”, “Kingfa India”, “KSTIL”, the/our “Company”, “we”, “our”, “us” or similar terms are to Kingfa Science & Technology (India) Limited or, as the context requires, and references to “you” are to the prospective investors in the Equity Shares.

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

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

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

Currency of Presentation

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

Please Note:

One million is equal to 1,000,000/10 lacs;
One billion is equal to 1,000 million/100 crores;
One lac is equal to 100 thousand;
One crore is equal to 10 million/100 lacs

Conversion rate considered for disclosing/ converting the financial data of the promoter and also the group Companies is as on December 31 of the respective year ends, which are as mentioned under:

- 1 RMB = ₹ 10.20113 (2015)
 - 1 RMB = ₹ 10.1808118763 (2014)
 - 1 RMB = ₹ 10.2179251801 (2013)
- (Source: www.xe.com)

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares.

FORWARD LOOKING STATEMENTS

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

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

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

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

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. The ordering of the risk factors has been done based on materiality and does not in any manner indicate the importance of one risk factor over the other. To obtain a complete understanding, you should read this section in conjunction with the chapters titled “Business Overview” and the section titled “Financial Information” on page 47 and 68 respectively as well as the other financial and statistical information contained in this Draft Letter of Offer.

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

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

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

RISKS ASSOCIATED WITH OUR BUSINESS

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

Our Company is involved in certain litigations that includes income-tax, central excise, service tax, Tamil Nadu General Sales tax Act, Customs Act cases relating to show cause cum demand notices and legal notice from Industrial Tribunal. These notices are civil in nature and have been contested by us. We can give no assurance that these litigations will be decided in favour of our Company. Any adverse outcome in any or all of these proceedings may have a material adverse effect on our business, results of operations and financial condition. A summary of litigations are as follows:

Category	No of proceedings	Amount (₹ in Lacs)
Land related	1	23.25
Custom duty disputed in appeals	1	26.78
Income Tax disputed in appeals	6	37.82
Sales Tax disputed in appeals	5	12.49
Excise duty & Service Tax disputed in appeals	12	19.44

For further information relating to these proceedings, please see the section titled “Outstanding Litigations and Defaults” on page 95.

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

The contingent liabilities not provided for as on September 30, 2016 are as follows:

Particulars	Amount (₹ In lacs)
Letters of credit	1,340.08
Letters of guarantee	51.99
Commitment on capital accounts	572.49
Custom duty disputed in appeals	26.78
Income Tax disputed in appeals	37.82
Sales Tax disputed in appeals	10.88
Excise duty & Service Tax disputed in appeals	19.85
Total	2,059.89

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

3. Our Company has experienced negative cash flows.

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

(Rs. in lacs)

Particulars	6 months ended 30th September 2016	Year Ended 31st March 2016
Net cash from Investing Activities	(671.76)	(4,659.67)
Net cash from Financing Activities	(131.36)	3,358.76

Any negative cash flows, if any in future could adversely affect our company's results of operation and financial condition. For further details please see the section titled "Financial Information" on page no 68.

4. The unsecured loan availed by our Company from our promoter, repayable over a period of 7 ½ years, maybe recalled at any given point of time.

Our Company has availed unsecured loans from our promoter - Kingfa Sci. & Tech. Co., Ltd., (Kingfa China). The total outstanding payable to Kingfa China as on September 30, 2016 amounts to ₹ 1,599.79 lacs. The tenure of the said loan is 7½ years. Any call back of such loan may affect operations of our company adversely.

5. We had incurred losses in past resulting in erosion of fifty percent of the then peak net worth. Consequently, our company was notified to BIFR in 2014 under SICA.

We had incurred losses in the past which has led to a decrease in our Reserves & Surplus and erosion of 50% of our peak networth during F.Y. 2013 to F.Y. 2014. This was on account of various internal and external factors including increase in crude prices resulting in delay in realizing dues from customers. The deteriorating financial health of our company led to notification of the case with BIFR in the year 2014 as per the requirements.

Subsequently, during the normal course of business our Company's financial health improved and funds were infused in the Company by way of a Rights Issue in the FY 2015-2016. This led to improvement in the networth of the Company. Further, for the FY 2015-16 the Company has earned a net profit of ₹ 1079.95 lacs. Presently networth of the Company as on September 30, 2016 is ₹ 12617.11 lacs. We had vide our letter dated February 26, 2016 informed BIFR about the Company being out of the purview of BIFR. However, we cannot provide any assurance that Company may maintain its profits in future and such instances will not arise at all.

6. *We have applied for renewal of certain approvals/ licenses for existing plant Puduchery. Further, we may require certain approvals, licenses, registrations and permits for new set-up at Pune, Chakan and the failure to renew or obtain these approvals/ licenses in a timely manner may adversely affect our operations.*

We have applied for our Consent under Water (Prevention and Control of Pollution) Act, 1974, Consent under Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989, License Number: PPCC/CON/WTR/VCP/EE/2009/624 dated October 22, 2009 which was valid until December 2012. The same is still pending for renewal.

Further, we propose to expand our existing facilities as well as set-up new facility at Pune (Chakan) and we will require licenses and approvals for the same. We are in the process of making application to the relevant authorities with regards to the same

While we believe that we shall be able to obtain the required licenses and approvals as and when required, there can be no assurance that the relevant authority shall renew the same on timely basis. Further, any delay in issuance of approvals or any non issuance of certain approvals could interrupt our operations and may have an adverse material effect on our business and financial position. For details of licenses and approvals please refer chapter on 'Government Approvals' appearing on page 101.

7. *Our new logo 'KINGFA' is registered in the name of our Promoter i.e; Kingfa China.*

We do not own our new logo 'KINGFA' and the same has been registered and owned by our Promoter i.e; Kingfa China. Further, we have neither entered into any agreement with our Promoter nor do we pay any royalty for the usage of the Logo. In case our promoter restricts/ stops usage of its logo by our Company, we may have to discontinue its use and would have to design and register a new logo. Such even may affect our reputation, business and financial condition.

8. *We have not entered into a lease agreement for our registered office. Further, the properties located at Pune (Jejuri & Chakan) and Gurgaon (Manesar) where our manufacturing facilities are located are not owned by us and we have only leasehold rights over it. In the event we lose such rights, our business, financial condition and results of operations could be adversely affected.*

We have not entered into a lease agreement for our registered office. We pay monthly rent of ₹ 1,03,900 *excluding taxes* for our registered office. Further, the properties located at Pune (Jejuri & Chakan) and Gurgaon (Manesar) where our manufacturing facilities are located are not owned by us. The property located at Jejuri and Chakan have been taken on lease from Maharashtra Industrial Development Corporation (MIDC) for a period of 95 years from April 01, 2007 and November 11, 2016, respectively. The quantum of lease premium we may be required to pay, post completion of lease period may be higher than the present rate. Further, the property located at Gurgaon (Manesar) has been leased to us by group of individuals for a period of 5 years starting January 01, 2016. In the event any of the lessors decide to terminate the arrangement, we may suffer a disruption in our operations. Also, in the event, we are required to vacate the premises, we will have to seek a new premises at short notice and for a price that may be much higher than what we are currently paying. This may affect our ability to conduct our business and may lead to an increase in our operating costs.

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

We have estimated fund raising upto ₹ 15000 Lacs to finance the 'Objects of the Issue'. The proposed project for which the funds are being raised has not been appraised by any Bank or Financial Institution and the fund requirements are based primarily on Management estimates. There is no guarantee that our estimates will prove to be accurate and any significant deviation in the project

cost could adversely impact our operations and sustainability in the absence of any independent monitoring agency.

10. We are dependent on the performance of the automotive sector in India, particularly the market for four-wheelers. Currently around 88% of our revenue comes from the Automotive Industry. Any adverse changes in the conditions affecting these markets can impact our business, results of operations and financial condition.

Presently, majority of our products are supplied to the Tier 1 of the OEMs in the automotive industry which increases our dependency on the automotive industry in India, particularly the four-wheeler market. During the current year we have embarked on enhancing our presence in non-auto sector. We have made considerable progress by supplying our products to the consumer appliances industry viz ; front loading washing machines, air conditioners, LED & CFL lightings. However, about 88% of sales for the FY 2016 was to the Automotive industry.

Hence, in the event of a decrease in demand for four-wheelers, or any developments that make the sale of components in the four-wheeler market less economically beneficial, we may experience more pronounced effects on our business, results of operations and financial condition.

11. We have in past entered into related party transactions and may continue to do so in future.

We have, in the course of our business, entered into transactions with related parties including entities forming part of our Promoter and group companies. There can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties.

Such related party transactions may give rise to potential conflicts of interest with respect to dealings between us and the related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For details of related party transactions entered into by us please see “Auditor’s Report” on page 68 of this Draft Letter of Offer.

12. Our promoter and promoter group have promoted ventures that are permitted to carry similar line of business. Any future plans of these companies to enter into the similar line of business may result in conflict of interest.

Our promoter, Kingfa China and all its subsidiaries forming part of our promoter group are in the similar line of business of modified plastics of various Polymers viz, Poly strene, Poly carbonate, ABS, Nylon, PVC etc. Though our company today is predominantly into Polypropylene products and the other companies operate in China, we cannot assure you that they may not enter into India for manufacturing of similar products which may result in direct competition and impact our market share. It may also lead to potential conflict of interest which may affect the business operations and financials of our Company. However, neither our Promoter nor its subsidiaries presently have any intent to directly access Indian markets, since the same is being catered through our company. Further there are no non-compete agreements that have been entered into between our company and our promoter or its subsidiaries and there can be no assurances that our promoter or its subsidiaries will not compete with us in the future.

13. Some of our group companies (subsidiaries of Kingfa China) have made losses in last three financial years

Some of our group companies (subsidiaries of Kingfa China) have made net losses during last three financial years. The details of such loss making group companies are as under:

(in million)

Sl. No	Name of Group Company	Year ended December 31, 2015		Year ended December 31, 2014		Year ended December 31, 2013	
		RMB	₹	RMB	₹	RMB	₹
1	Guangzhou KingfaSci& Tech Venture Capital Investment Co., Ltd.	1.01	10.30	-0.70	-7.13	-0.32	-3.28
2	Guangzhou Kingfa New Carbon Fiber Material Development Co., Ltd.	-25.33	-258.39	-5.55	-56.50	-0.41	-4.23
3	Guangdong KingfaTechnology Co.,Ltd.	-48.56	-495.37	-28.42	-289.34	-1.06	-10.81
4	Guangzhou KingfaSuyuan New Material Development Co., Ltd.	-0.46	-4.69	-0.82	-8.35	-1.29	-13.15
5	Guangzhou Lesco-Kingfa WPC Technology Co., Ltd.	-39.19	-399.78	-14.97	-152.41	-14.37	-146.87
6	Guangzhou Jinchun Photoelectric New Materials Co.,Ltd.	0.00	0.00	-0.09	-0.92	-0.01	-0.07
7	KunshanKingfa Technology Development Co. Ltd.	0.00	0.00	0.00	0.00	0.00	-0.02
8	Guangzhou Dynamic Chemical Materials Co., Ltd.	0.26	2.65	0.26	2.65	-8.79	-89.77
9	MianyangDongte Technology Co., Ltd	0.00	0.00	0.12	1.22	-1.32	-13.53
10	Zhuhai Wantong Chemical Co., Ltd	7.43	75.79	-11.74	-119.52	-16.37	-167.31
11	Foshan NanhaiLesco Building materials Co., Ltd.	3.01	30.71	-2.62	-26.67	-0.27	-2.77
12	LESCO Technology Pte Ltd.	-2.04	-20.81	-0.67	-6.82	-2.05	-20.99
13	Kingfa Science & Technology (USA), INC	-3.30	-33.66	-	-	-	-
14	Wuhan Kingfa Sci. and Tech. Industrial Co., Ltd.	-0.65	-6.63	-	-	-	-
15	Lianyungang Kingfa Environmental Protection Sci. & Tech. Co., Ltd.	-0.19	-1.94	-	-	-	-
16	Zhuhai Vanteque Specialty Engineering Plastic Co., Ltd.	-0.40	-4.08	-	-	-	-

14. We have not yet placed orders for most of the plant & machinery and equipment requirements for our proposed project; as specified in the Objects of the Issue. Any delay in procurement of plant & machinery, equipment, etc. may delay the implementation schedule which may also lead to increase in prices of these equipments, further affecting our costs, revenue and profitability.

We propose to purchase plant & machinery worth ₹ 2937.10 Lacs from the proceeds of this Issue. Though we have procured quotations for them, we are yet to place orders for the plant & machinery; as specified in the section 'Objects of the Issue'. Any delay in procurement of plant & machinery, equipment, etc may delay the implementation schedule. We may also be subject to risks on account of inflation in the price of plant & machinery and other equipments that we require. Hence our project could face time and cost over-run which could have an adverse effect on the operations of our Company. Further, our working capital requirements based on proposed expansion have not tied-up. We shall approach the banks for future working capital requirements at an appropriate time after the expansion has been completed.

- 15. *We are dependent on our management team for success whose loss could seriously impair our ability to continue to manage and expand business efficiently. The loss of service of the senior management could impair the ability to continue to manage and expand the business efficiently.***

Our success depends on our ability to retain our senior executives and key management personnel. Our continued success will depend on our ability to attract, recruit and retain a large group of experienced professionals and staff. If any senior executives or key employees were to leave, they may not be easily and quickly replaced. Furthermore, we do not maintain “key person” insurance with respect to any of our personnel. Certain members of our key personnel are, and we expect will continue to be, employed by other Group Companies and there can be no assurance that they will continue to devote a sufficient amount of their time to us and our business. In addition, certain members of our key personnel have joined us, or have been transferred to us from other Group Companies, in the recent past and so have been associated with our Company only for a brief period. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

- 16. *Our manufacturing activities are dependent upon availability of skilled labour. Further, in respect of our plant located at Gurgaon, we rely on contract labor for our manufacturing.***

Our manufacturing activities are dependent on availability of skilled labor. Non-availability of labor and/or any disputes between the labor and the management may affect our business operations. We have 23 skilled workers at our Gurgaon facilities and none of them are on our permanent payrolls. In case we are not able to retain these workers the production at our factory may suffer until we find new skilled workers and train them as per our requirement.

- 17. *Our Promoter and Promoter Group shall continue to exercise significant control over our business which will allow them to determine the outcome of certain matters.***

Our Promoters viz; M/s Kingfa Sci and Tech Co. Ltd. holds 74.99% of our equity share capital. As a result, they are able to exercise significant control over the matters requiring shareholder approval, including significant corporate structuring exercises such as mergers or demergers, sale of assets, etc. Further, our promoters may take decision which may be in conflict of interest or detrimental to minority shareholders.

- 18. *We are dependent on our promoter Kingfa Sci. &Tech. Co. Ltd., (Kingfa China) with respect of supplies, sales, technology, brand and Key Managerial Personnel (KMP).***

Our promoter Kingfa China has a strong presence in polymers, automotive and non automotive sectors. Though our company has been in operation for more than 25 years in India, with increased competition in the field emanating from the Automotive sector and the strong presence of Kingfa China in other Polymers and other non auto sectors there will be dependency on Kingfa China for the developments of these compounds and also technical skills to develop and produce those compounds in India. Further we shall also be dependent on the key managerial personnel of our promoter who are presently with our company since these KMP act as the key link between our company and the Kingfa China development team. However we believe that our company being a subsidiary of Kingfa China, support will continue in future.

- 19. *We source certain raw materials from our promoter/promoter group***

We source certain raw materials from our promoter /promoter group (related parties), in the course of our business. While our Company believes that all such transactions have been conducted on an arm's length basis and are accounted as per Accounting Standard 18, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

20. *In the past we have faced shut down at our plant at Puduchery. The loss resulting from shutdown of operations at any of our units could have an adverse effect on our Company*

Our units are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, industrial accidents. In the year 2002 our plant situated at Puducherry was closed due to technical reasons for two months leading to labour dispute. Further we cannot assure that such labour disputes leading to closure will not occur in future. Though we take precautions to minimise the risk of any significant operational problems at our units they could have adverse effect on our financial performance.

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

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

22. *Our Primary raw material viz; Polymer resin is a petroleum based product leading to higher susceptibility to price fluctuations in future. Price volatility of raw materials used for manufacturing our products may materially affect our business*

The main raw material for our product is Polymer resin which is a petro chemical based and hence the prices are linked with international crude oil prices. Any volatile fluctuations in the demand and/or supply of any and/or all such raw materials may impact the purchase price of the raw materials. The price of the raw material is directly proportionate to the price of petroleum/ crude oil. Crude oil prices behave much as any other commodity with price swings in times of shortage or oversupply. The crude oil price cycle may extend over several years responding to changes in demand as well as OPEC and non-OPEC supply.

23. *Any failure to keep abreast with the latest trends in technology may adversely affect our cost competitiveness and ability to develop new products.*

Technology by its very nature is dynamic and our Company being technological oriented would always be trying to keep abreast with the technological environment. There are no major changes in the materials used for our business and all upgradation in processing machinery. Government pricing regulations on petroleum products from time to time may also impact the use of certain raw materials in preparation of polymer products. Any failure to keep abreast with these developments on our part could have a bearing on our ability to compete efficiently, our cost competitiveness, ability to develop new products and the consequential quality of our products, and could also impact our sales & profitability.

24. *Any failure to keep our self updated on the latest developments in the industries to which we cater to may adversely affect our cost competitiveness and ability to develop new products.*

Presently, majority of our products are supplied to the Tier 1 of the OEMs in the automotive industry and hence around 88% of our revenue comes from the Automotive industry. The demand of products in the automotive industry includes cyclical nature of demand for the products which depends on the ability of the consumer to spend. The spending ability of the consumers are dependent on the

continued growth in the Indian economy, adequate allocation of Government funds for development of infrastructure including roads and highways “Global” design concepts being used in the new models proposed to be launched by the car and commercial vehicle companies, continued positive climate for foreign investment into the economy etc.

Hence, there is a need for continuous process and product up-gradation, based on the market demand. Further we need to anticipate the demand of any particular product and be equipped to fulfill the same as and when it arrives in order to enable us to face the competition. Hence, if we fail to keep our selves updated on the latest developments in the industries we may not be able to cash the opportunity, which may affect our financials and competitiveness.

25. Foreign currency volatility may impact our financial condition

Some of our raw materials like Polyamide 6 & PBTP, Glass Fibre and Elastomers are imported by us from countries like China, Malasia, Singapore, etc. Any volatility in global financial markets may have an impact on our business, as we have to make payments in foreign exchange for our imports. In the event we are unable to manage the fluctuation in the foreign exchange, it may negatively impact on our financial condition.

RISKS ASSOCIATED WITH INDIA AND INVESTMENTS IN INDIAN COMPANIES

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

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

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

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

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

Any adverse revisions by international rating agencies to the credit ratings of the Indian national government’s sovereign domestic and international debt may adversely affect our ability to raise additional financing by resulting in a change in the interest rates and other commercial terms at which we may obtain additional financing. This could have a material adverse effect on our capital expenditure plans, business and financial performance. A downgrading of the Indian national government’s debt rating may occur, for example, upon a change of government tax or fiscal policy outside our control.

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

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

RISKS ASSOCIATED WITH THE EQUITY SHARES AND THIS ISSUE

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

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

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

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

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

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

The Stock Exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

PROMINENT NOTES

1. This is an Issue of [●] Equity Shares at a premium of ₹ [●] per Equity Share for an amount aggregating upto ₹ 15000 on a rights basis to the existing Equity Shareholders of our Company in the ratio of [●] Equity Share for every [●] fully paid-up Equity Share(s) held (i.e., [●]) by the existing Equity Shareholders as on the Record Date.

2. The net worth of our Company as on March 31, 2016 and for Six months period September 30, 2016 is ₹11,942.74 lacs and ₹12,617.11 lacs respectively.
3. Our Company, in the course of business has entered into transactions with related parties. The details of related party transactions are as under:

(₹ in lacs)

Nature of Transaction	Particulars	Period Ended 30th September 2016	Year ended March 31, 2016
Interest	<u>Holding Company</u>	32.26	58.95
Purchase of Materials	<u>Holding Company</u>	604.16	1,397.96
	<u>Associates</u>	208.58	1,843.93
Sale of Materials	<u>Holding Company</u>	15.93	0.53
	<u>Associates</u>	38.12	15.60
Remuneration	<u>Key Management Personnel</u>	47.74	44.29
Out Standing (to)	<u>Holding Company*</u>	3,037.46	2,665.28
	<u>Associates</u>	2,233.11	2,800.36

* The amount does not include the unsecured external commercial borrowing from Promoter Company.

4. There has been no financing arrangement whereby the Promoter Group, the Directors of our Company and their relatives have financed the purchase of securities of our Company by any other person, other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.
5. During FY 2015-16 our Company made a Rights Issue of equity shares wherein we had made full disclosures as mentioned under Schedule VIII (Part A) of the SEBI (ICDR) Regulations, 2009 since the same was the first Issue of the Company post change in management pursuant to acquisition of control in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011.

Our Company is now eligible to make reduced disclosures in the Draft Letter of Offer as per Part E of Schedule VIII of the SEBI ICDR Regulations as we are in compliance with the following:

- a. our Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Draft Letter of Offer with SEBI;
- b. the reports, statements and information referred to in sub-clause (a) above are available on the website of recognized stock exchange with nationwide trading terminals (i.e. BSE & NSE*) or on a common e-filing platform specified by SEBI;
- c. our Company has investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee (erstwhile Shareholders' or Investors' Grievance Committee) at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances

* The equity shares of our Company have been listed on the NSE only since November 15, 2016.

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

SECTION III – INTRODUCTION

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “Terms of the Issue” on page 116 of this Draft Letter of Offer.

Equity Shares outstanding prior to the Issue	1,01,10,568 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	[●] Equity Shares
Rights Entitlement	[●] Equity Shares for every [●] fully paid-up Equity Shares held on the Record Date i.e., [●]
Record Date	[●]
Face Value per Equity Share	₹ 10 each
Issue Price per Equity Share	₹ [●] each
Terms of the Issue	For more information, please see “Terms of the Issue” on page 116 of this Draft Letter of Offer.
Use of Issue Proceeds	For further information, please see “Objects of the Issue” on page 32 of this Draft Letter of Offer.

Terms of Payment

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

Other details

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

Issue Schedule

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

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the section titled “Financial Information” on page 68 of this Draft Letter of Offer. Our Company is eligible to make reduced disclosures in the Draft Letter of Offer in terms of Part E of Schedule VIII of the SEBI ICDR Regulations. Hence the disclosure with regards to the financial information has been made for the last Financial year ended March 31, 2016 and for the six months period ended September 30, 2016, in compliance with point VIII (X) of Part E of Schedule VIII of the SEBI ICDR Regulations.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES

		(₹ in Lacs)	
	PARTICULARS	As at 30th September 2016	As at 31st March 2016
I	EQUITY AND LIABILITIES		
1	Shareholders' Funds		
	(a) Share capital	1,011.06	1,011.06
	(b) Reserves and Surplus	11,606.05	10,931.68
2	Non - Current Liabilities		
	(a) Long - term borrowings	1,599.79	1,591.87
	(b) Deferred Tax Liabilities (Net)	96.83	15.96
	(c) Other Long term liabilities	8.50	8.50
	(d) Long - term provisions	13.39	14.02
3	Current liabilities		
	(a) Short - term borrowings	-	-
	(b) Trade payables	8,925.78	8,900.89
	(c) Other current liabilities	940.65	543.19
	(d) Short - term provisions	145.94	9.21
	TOTAL	24,347.99	23,026.38
II	ASSETS		
1	Non - current assets:		
	(a)Fixed Assets		
	(i) Tangible Assets	3,154.06	2,882.85
	(ii) Intangible Assets	0.30	1.28
	(iii) Capital work-in-progress	4223.78	4,133.65
	(c) Long term loans and advances	227.26	215.18
2	Current assets		
	(b) Inventories	5,494.93	5,929.85
	(c) Trade Receivables	10,293.19	8,526.05
	(d) Cash and Bank balances	161.35	651.03
	(e) Short-term loans and advances	793.12	686.50
	TOTAL	24,347.99	23,026.39

Note: Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as detailed in the section ‘Financial Information’ appearing on on page no 68.

PROFIT AND LOSS ACCOUNT STATEMENT

(₹ in Lacs)

	PARTICULARS	For six months period ended 30th September 2016	For the financial year ended 31st March 2016
I	Revenue from operations (Gross)	22,662.17	35,599.51
	Less: Excise duty	2,651.44	4,182.70
	Revenue from operations (Net)	20,010.73	31,416.81
	Other Income	11.02	89.34
	Total revenue (I+II)	20,021.75	31,506.15
II	Expenses		
	Cost of Materials consumed	16,702.82	25,185.46
	Purchases of Stock- in-Trade	380.09	896.60
	Changes in Inventories of Finished Goods and Work-in-progress	(470.16)	(562.77)
	Employee benefits expense	588.73	935.05
	Finance Costs	130.10	720.98
	Depreciation and amortisation expense	161.82	293.93
	Other expenses	1,509.11	2,298.52
	Total Expenses	19,002.51	29,767.77
III	Profit/(Loss) before exceptional and extraordinary Items and tax (III- IV)	1,019.24	1,738.38
IV	Exceptional items	-	-
V	Profit/(Loss) before extraordinary Items and tax (V-VI)	1,019.24	1,738.38
VI	Extraordinary Items	-	-
VII	Profit/(Loss) before tax (VII-VIII)	1,019.24	1,738.38
VIII	Tax expenses		
	1.Current tax	264.00	201.11
	2.Deferred tax	80.87	457.32
		344.87	658.43
IX	Profit for the year (IX-X)	674.37	1,079.95

Note: Above Statement should be read with the statement of significant Accounting Policies and Notes on Accounts as detailed in the section 'Financial Information' appearing on page no 68.

STATEMENT OF CASH FLOW

(₹ in Lacs)

PARTICULARS	For six months period ended 30th September 2016	For the financial year ended 31st March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax and Extraordinary Items	1,019.24	1,738.38
Adjustment for		
Depreciation and amortisation expense	161.82	293.93
Finance costs paid	130.10	720.98
Loss on sale of fixed asset	5.15	-
Dividend and Other Income	-	-
Profit on sale of fixed assets	(5.01)	(3.28)
Interest received	(6.01)	(86.06)
Income Tax Paid	(100)	(175.00)
Operating Profit before Working Capital Changes	1,205.29	2,488.95
Adjustment for		
Trade and other payables	559.07	5,343.82
Trade and other receivables	(1767.14)	(2,932.42)
Decrease in Deposits	434.92	-
Inventories	-	(2,732.33)
Short Term Loans & Advances	(106.61)	(165.04)
Long Term Loans & Advances	(12.08)	(82.17)
NET CASH FROM OPERATING ACTIVITIES (A)	313.45	1,920.81
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Disposal of fixed asset	21.66	10.46
Dividend and other income	-	-
Interest received	6.01	86.06
Redemption of investments	-	-
Acquisition of fixed assets	(699.43)	(4,756.19)
Purchase of investments	-	-
NET CASH FROM INVESTING ACTIVITIES (B)	(671.76)	(4,659.67)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Long Term Borrowings	(1.26)	82.05
Issue of Right Shares	-	9,999.08
Capital Subsidy	-	47.41
Hire Purchase Finance	-	(14.31)
Short Term Borrowings & Finance costs paid	(130.10)	(6,755.47)
NET CASH FROM FINANCING ACTIVITIES 'C'	(131.36)	3,358.76
Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(489.67)	619.90
CASH AND CASH EQUIVALENTS:		
Opening Balance in the beginning of the year	650.41	30.51
Closing Balance at the end of the year	160.74	650.41
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS	(489.67)	619.90

GENERAL INFORMATION

Registered Office of our Company

Dhun Building,
III Floor, 827, Anna Salai,
Chennai – 600 002
Tel: +91 044 28521736;
Fax: +91 044 28520420
Website: www.kingfaindia.com

Corporate Identification No.: L25209TN1983PLC010438

Address of the Registrar of Companies

Block No.6,B Wing 2nd Floor, Shastri Bhawan 26, Haddows Road, Chennai – 600034

Board of Directors

Our Board comprises of :

Name, Designation and Occupation	Date of Birth	DIN	Address
Mr. BO Jingen <i>Chairman and Managing Director</i> Employed	07/03/1982	06617986	No. 76, Gaopu Road, Tianhe District, Guangzhou, 510520, China
Mr. Wu Xiaohui <i>Whole-time Director</i> Employed	09/04/1979	06617977	No. 25, Gaoan Road, Xuhui District, Shanghai, 200032, China
Mr. Nurani Krishnan Ramaswamy <i>Whole-time Director</i> Employed	21/08/1961	07339610	No.172, Tower-36, DLF Garden City, Thazambur, Chennai-600130, India
Mr. N Subramanian <i>Non-executive Independent Director</i> Chartered Accountant	17/03/1954	03602858	Flat 1C Ramcons Rajam, No 90 Bazullah Road, T-Nagar, Chennai, 600 017, Tamil Nadu
Mr. Dilip Kulkarni <i>Non-executive Independent Director</i> Management Consultant	09/12/1950	07272118	Flat No. 203 Vihang Vihar, Panchpakhadi, Thane (W), Mumbai – 400602
Ms. Nilima Ramrao Shinde <i>Non-executive Independent Director</i> Employed	29/07/1960	07646156	A 101, Tiara, Ivory Estates, Baner Road, Pune 411008.

Brief Profile of the Board of Directors

Please see “Management” on page 64 of this Draft Letter of Offer.

Company Secretary & Compliance Officer

Mr. Nirnoy Sur
Dhun Building, III Floor,
827, Anna Salai, Chennai – 600 002
Tel: +91 044 28521736; **Fax:** +91 044 28520420
Website: www.kingfaindia.com
Email: rights@kingfaindia.com

Statutory Auditors of our Company

Ms. P. Srinivasan & Co.,
Chartered Accountants
N0 6/24, Sambasivam Street,
T Nagar, Chennai 600017
Tel: +91 – 044- 2815 1105
Email: psc.gopalan@gmail.com
Contact Person: Mr. S .Gopalan, Partner
Membership No.: 021007
Firm Registration Number: 004054S

Bankers to our Company

Citibank N.A.,
3 Floor, No.2
Club House Road,
Chennai-600002, India
Tel: +91- 044-4222 6000
Fax: +91-044-2846 0002
Email: sahana.jv@citi.com
Contact Person: Mrs. J.V. Sahana

Industrial and Commercial Bank of China Limited (ICBC)

801, 8th Floor, A-Wing,
One BKC, C66, G Block, Bandra Kurla
Complex, Bandra (E), Mumbai – 400051
Tel: +91-022- 71110311
FAX: +91-022 – 71110316
Email: louzan@india.icbc.com.cn
Contact Person: Mr. Luo Zan

Lead Manager to the Issue

Keynote Corporate Services Limited
The Ruby, 9th Floor,
Senapati Bapat Marg, Dadar (W)
Mumbai 400 028
Maharashtra, India.
Tel: +91 22 3026 6000-3; **Fax:** +91 22 30266088
E-mail : mbd@keynoteindia.net
Website : www.keynoteindia.net
Contact Person : Mr. Janardhan Wagle/ Ms. Pooja Sanghvi
SEBI Registration Number: INM 000003606

Legal Advisors to the Issue

LSA Legal LLP s
No 81 Grems Road,
MNO Complex, Chennai - 600006
Tel : +044 28292272/ 73, **Fax :** +044 28292273
E mail: admin@lsa-india.com
Contact Person: Ms. Lakshmmi Subramanian

Bankers to the Issue

[●]

Registrar to the Issue**M/s. Integrated Enterprises (India) Limited**

2nd Floor, Kences Towers,

No. 1, Ramakrishna Street,

North Usman Road,

T. Nagar, Chennai - 600 017.

Tel: +91-44- 28140801-3; **Fax:** +91-44- 28142479**E-mail:** yuvraj@integratedindia.in**Website:** www.integratedindia.in**Contact Person:** Mr. S Yuvaraj**SEBI Registration Number:** INR000000544**Self Certified Syndicate Banks**

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

For further details on the ASBA process, please refer to details given in ASBA form and also see “Terms of the Issue” on page 116 of this Draft Letter of Offer.

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

Allocation of responsibilities

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

Sl No.	Activity
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.
2.	Drafting and design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the offer document. To ensure compliance with the SEBI Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.
3.	Marketing of the issue will cover, inter alia, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres (iv) distribution of publicity and issue material including composite application form and the Abridged Letter of Offer and the Letter Of Offer to the extent applicable.
4.	Selection of various agencies connected with the issue, namely Registrar to the Issue, Bankers to the Issue, printers, and advertisement agencies, etc.
5.	Follow-up with bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.

Sl No.	Activity
6.	The post-issue activities will involve essential follow-up steps, which must include finalization of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as registrars to the issue, bankers to the issue, and bank handling refund business. Even if many of these post-issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Issuer.

Credit rating

As the Issue is a rights issue of equity shares, no credit rating is required.

Monitoring Agency

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

Appraising Agency

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

Principal Terms of Loan and Assets charged as security

For details of the principal terms of loans and assets charged as security, please see section “Financial Indebtness” on page 94 of this Draft Letter of Offer.

Underwriting

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

CAPITAL STRUCTURE

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

(₹ in lacs except per share data)

Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
Authorised share capital:		
1,80,00,000 equity shares of ₹ 10 each	1,800.00	
300,000 16% cumulative redeemable preference shares of ₹ 100 each	300.00	
Total	2100.00	
Issued capital before the Issue		
10,115,468 equity shares of ₹ 10 each	1011.55	
Subscribed and paid up capital before the Issue		
10,110,568 equity shares of ₹ 10 each	1011.06	
Present Issue being offered to the Equity Shareholders through the Letter of Offer		
[●] equity shares of ₹10/- each at an Issue Price of ₹ [●]/- per Equity Share (premium of ₹ [●] per Equity Share)	[●]	[●]
Paid up capital after the Issue		
[●] equity shares of ₹10 each	[●]	[●]
Securities premium account		
Before the Issue		10145.23
After the Issue		[●]

Outstanding Instruments

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

Notes to the Capital Structure

1. I(a) The shareholding pattern of our Company as on September 30, 2016 (in terms of Regulation 31 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Partly Paid-up Shares	No. of Partly paid-up Shares	As a % of total No. of partly paid-up Shares	As a % of total No. of Shares of the Company
Held by promoter / promoter group	NA	NA	NA
Held by Public	NA	NA	NA
Total	NA	NA	NA
Outstanding Convertible Securities	No. of Outstanding securities	As a % of total No. of Outstanding Convertible Securities	As a % of total No. of Shares of the Company, assuming full conversion of the convertible securities
Held by promoter / promoter group	NA	NA	NA
Held by Public	NA	NA	NA
Total	NA	NA	NA
Warrants	No. of Outstanding securities	As a % of total No. of Outstanding Convertible Securities	As a % of total No. of Shares of the Company, assuming full conversion of the convertible securities
Held by promoter / promoter group	NA	NA	NA
Held by Public	NA	NA	NA
Total	NA	NA	NA
Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities		10,11,05,680	

Category Code	Category of Shareholder	No. of Shareholders	Total No. of shares	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (V)	No of Voting rights (VI)	Total as a % of Total Voting right (VII)	Post Issue shareholding *	
							No of shares	%
(I)	(II)	(III)	(IV)	(V)				
A	Promoter and promoter group							
(1)	Indian							
a	Individual/Hindu Undivided Family							
b	Central Government/ State Governments							
c	Financial Institutions / Banks							
d	Any other (Specify)							
	Sub Total A(1)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(2)	Foreign							

Category Code	Category of Shareholder	No. of Shareholders	Total No. of shares	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (V)	No of Voting rights (VI)	Total as a % of Total Voting right (VII)	Post Issue shareholding *	
							No of shares	%
(I)	(II)	(III)	(IV)	(V)		(VII)		
a	Individual (Non resident Individuals / Foreign individuals)							
b	Government							
c	Institutions							
d	Foreign Portfolio Investor							
e	Any other (Specify)	1	7582340	74.99	7582340	74.99	[●]	[●]
	Sub Total A(2)	1	7582340	74.99	7582340	74.99	[●]	[●]
	Total shareholding of Promoter and Promoter Group (A)= (A)(1) +(A)(2)	1	7582340	74.99	7582340	74.99	[●]	[●]
B	Public Shareholding							
(1)	Institutions							
a	Mutual Funds/UTI							
b	Venture capital Funds							
c	Alternate Investment Funds							
d	Foreign Venture Capital Investors							
e	Foreign Portfolio Investors	1	6537	0.06	6537	0.06		
f	Financial Institutions / Banks	1	200	0.01	200	0.01		
g	Insurance Companies							
h	Provident Funds / Pension Funds							
i	Any other (Specify) - Foreign Banks							
	Sub Total B(1)	2	6737	0.07	6737	0.07		
(2)	Central Government / State Government / President of India							
	Sub Total B(2)							
(3)	Non-Institutions	(3)						
a	Individuals	A						
	Individual Shareholders holding Nominal Share Capital upto Rs.2 Lakhs	5884	1173171	11.60	1173171	11.60		
	Individual Shareholders holding Nominal Share Capital in excess of Rs.2 Lakhs	8	481870	4.77	481870	4.77		
b	NBFCs Registered with RBI							
c	Employee Trusts							

Category Code	Category of Shareholder	No. of Shareholders	Total No. of shares	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (V)	No of Voting rights (VI)	Total as a % of Total Voting right (VII)	Post Issue shareholding *	
							No of shares	%
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)		
d	Overseas Depositories (holding DRs) (balancing figure)							
e	Any other	233	866450	8.57	866450	8.57		
	Sub Total B(3)	6125	2521491	24.94	2521491	24.94		
	Total Public Shareholding (B)= (B)(1)+(B)(2) +(B)(3)	6127	2528228	25.01	2528228	25.01	[●]	[●]
	Total Public Shareholding (A)+(B)	6128	10110568	100.00	10110568	100.00	[●]	100.00

* Assuming full subscription to the issue.

I(b) Shareholding of securities (including shares, warrants, convertible securities) of persons belonging to the category Promoter and Promoter Group as on September 30, 2016. This table has to be read in connection with the above table.

Sl. No	Name of the Shareholders	Details of Shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A)+(B)+(C)	No	As a percent age	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
1	Kingfa SCI and Tech Co Ltd	75,82,340	74.99	0	0.00	0.00	0	0.00	0	0.00	74.99
	Total	75,82,340	74.99	0	0.00	0.00	0	0.00	0	0.00	74.99

I (c)(i) Shareholding of securities (including shares, warrants, convertible securities) of persons belonging to the category Public and holding more than 1% of the total number of shares as on September 30, 2016

Sl. No.	Name of the Shareholder	No. of Shares held	Shares as % of Total No. of Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1	Hongkong	637458	6.30	-	-	-	-	6.30

Sl. No.	Name of the Shareholder	No. of Shares held	Shares as % of Total No. of Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
	Victory Investment Co. Limited							
2	V Rajkumari	191500	1.89	-	-	-	-	1.89
3	Mita Dipak Shah	102000	1.01	-	-	-	-	1.01
	Total	930958	9.20	0	0.00	0	0.00	9.20

I(c)(ii) Shareholding of securities (including shares, warrants, convertible securities) of persons belonging to the category Public and holding more than 5% of the total number of shares as on September 30, 2016

Sl. No.	Name of the Shareholder	No. of Shares held	Shares as % of Total No. of Shares
1	Hongkong Victory Investment Co Limited	637458	6.30

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

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

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

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

- Our promoter- promoter group and/or the directors of our company and their immediate relatives have neither purchased nor sold any equity shares of our Company during the last one year immediately preceding the date of filing of draft offer document with the Board.
- Our Promoter Kingfa Sci. and Tech. Co. Ltd. presently holds 74.99% of the paid-up equity share capital of our Company. As per the terms of the Rights Issue Kingfa Sci. and Tech. Co. Ltd. would be entitled to 74.99% of the rights issue as well. The Promoter has confirmed that it intends to subscribe to the full extent of their Rights Entitlement in the Issue. In terms of the present regulations, promoters will not be able to subscribe to any additional shares and/or subscribe to any unsubscribed portion in this rights issue as such subscription may reduce the public shareholding below the applicable limits of 25% for compliance with the continuous listing requirements as per provisions of Rule 19(2) (b) of Securities Contracts (Regulation) Rules, 1957.

Considering the size of the Rights issue at Rs.15000 lacs, our promoter would be entitled to 74.99% of the Rights issue i.e. Rs.11248.50 lacs. In respect of application to be made by our promoter for subscribing to their rights entitlement, the payment of consideration will be made through remittance from abroad via proper banking channels as may be permitted by regulatory authorities including SEBI. The Company is in the process of making an application to SEBI permitting the promoters of our Company to remit the application money directly through proper banking channels and exempt them from subscribing in the said issue through ASBA mode. The promoters would remit the application money on receipt of requisite SEBI permission in this regard.

5. Minimum Subscription

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

6. The present Issue being a rights issue, as per Regulation 34(c) of the SEBI ICDR Regulations, the requirements of promoters' contribution are not applicable. Further, none of the equity shares held by promoter are subject to lock-in.
7. Our Company has not raised any bridge loans that shall be payable from issue proceeds.

SECTION IV – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

Our Company intends to deploy the Issue Proceeds to finance the fund requirements for:

1. Setting up of a new facility at Chakan Industrial Area, Village –Vasuli Tal-Khed, District-Pune;
2. Upgradation of Research & Development facility at the existing set-up at Puducherry;
3. Expansion of facilities at the existing set-up at Puducherry and Manesar;
4. Meeting the working capital requirement;
5. Meeting Expenses to the Rights Issue.

The objects clause of our Memorandum of Association enables us to undertake our existing activities and the activities for which funds are being raised through this Issue.

The fund requirement and deployment are based on internal management estimates and have not been appraised. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy.

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

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

		(₹ in lacs)
Sr. no.	Cost of the Project	Amount
1.	Setting up of a new facility at Chakan, Pune	8703.15
2.	Upgradation of Research & Development facility at the existing set-up at Puducherry	956.00
3.	Expansion of facility at the existing set-up at Puducherry and Manesar	1078.00
4.	Meet the additional working capital requirement	4196.85
5.	Expenses to the Issue	66.00
Total		15000.00
		(₹ in lacs)
Means of Finance		Amount
Proceeds of the Issue		Upto 15000.00

The requirements of the objects detailed above are intended to be funded from the Proceeds of the Issue. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the proposed Issue

Details of the Objects of the Issue

We presently operate through our three state-of-art manufacturing units situated at Puducherry, Pune and Manesar (Gurgaon). These units have a combined manufacturing capacity of 40,200 MTPA. Due to increased demand of the specialty products across multiple industry segments like electronic billers and printers, convenience appliances, telecom and office automation, mass transportation to name a few with increased sales volume, there is the need to increase our capability and capacity. Investment in upgradation of our R&D facilities would enable us to meet the diverse demand supported by development of new varieties of specialty products to meet the new norms of safety, comfort and performance.

In view of the increased demand of our products we propose to expand our manufacturing capacities at our existing units at Puducherry and Manesar. However in view of the limited expansion options available at our existing manufacturing locations, we propose to set-up a new manufacturing unit at Pune (Chakan) of global scale and standards conforming to international safety, design and capability. Post

expansion the overall capacity at all the locations put together will be 94,500 MTPA.

Further, we propose to upgrade our existing Research & Development facility at our Puducherry plant to match the current industry requirement. The details of proposed cost of each object is as detailed below:

1. SETTING UP OF A NEW FACILITY AT CHAKAN, PUNE

The Company has proposed to set-up a green field manufacturing project at a location near Pune. It is proposed to build a Global Scale State-of-Art manufacturing plant with a Technical and Product Development Centre. Towards the first phase of expansion we propose to set-up a facility to manufacture Modified Thermoplastics, consisting of Polyamides – 6, 66 (Nylon/PA/High Heat Nylon), Poly Butylene Terephthalate (PBT), Polycarbonate (PC), Acrylonitrile Butadiene Styrene (ABS), High Impact Polystyrene (HIPS), Polycarbonate/Acrylonitrile Butadiene Styrene (PC/ABS), Poly Phenylene Ether/High Impact Polystyrene (PPE/PS) and Polycarbonate/Polybutylene Terephthalate Alloy (PC/PBT). The facility will have an initial installed capacity of 23000 MTPA.

For the purpose of the said expansion the Company has already identified and entered into a Lease agreement for the land which is located at Chakan Industrial Area, Village –Vasuli Tal-Khed, District-Pune. The said land has been taken on lease basis from Maharashtra Industrial Development Corporation (MIDC) for a period of Ninety Five years vide agreement dated November 11, 2016. The total area of the land is 120000 sq. mt. The lease premium for the said land is ₹ 39.90 Crores, calculated at the rate of ₹ 3325/-per sq. mt. Presently, we propose to utilize 34,000 sq. mt. for setting up of the new facility. The consideration towards the lease premium has been funded through the proceeds of the previous Rights Issue made during October 2015. The Company had sought the necessary approval from the shareholders for variation in the 'Objects of the Issue' as mentioned in the previous Offer Document vide Resolution dated December 15, 2015.

The summary of the total cost of setting up of the said new facility is as under:

Particulars	Amount (₹ in Lacs)
i. Site Development & Factory Building	6510.00
ii. Construction of Sub-station	840.00
iii. Plant and Machinery	1182.50
iv. Contingences	170.65
Total	8703.15

i. Site Development & Factory Building

The site development would be for the entire site of 1,20,000 sq.mt. The built up area of the factory building would be 34,000 sq. mt. The estimate of designing and constructing green field facility at Vasuli, MIDC Chakan, District – Pune based on the quotation dated November 29, 2016 received from Reward Construction Pvt. Ltd., Pune is as detailed below :

Item	Amount (₹ in Lacs)
<u>Land Development</u> Comprising of cutting and filling upto 95% standard proctor density in lower contours	770.00
<u>Factory Building</u> Providing and constructing factory building & allied ancillary blocks measuring 34,000 sq. mt including industrial flowing works, internal services like plumbing & sanitary works, internal lighting, facility openings like door shutters, windows, etc.	4580.00
<u>Compound wall</u> Providing and constructing front compound wall with side /rear compound wall. The compound wall is considered 1.5 meter above existing ground level of masonry/ RCC portion with additional overloading of MS grill/ fencing of 0.9m	150.00

Item	Amount (₹ in Lacs)
Providing external cum infrastructure developments for green field facility inclusive of bituminous roads, rain water harvesting, landscaping, storm drain, entrance gates, etc.	300.00
Electrical works	400.00
Sub-total	6200.00
Add: VAT (5%)	310.00
Total	6510.00

ii. *Construction of Sub-station*

The estimate of carrying out Electrical HT work for sub-station in an area of approx. 6 acres, based on the quotation dated November 03, 2016 received from Reward Construction Pvt. Ltd., Pune is as detailed below:

Item	Amount (₹ in Lacs)
110KV/11KV 20MVA Substation	425.00
11KV/415V substation (approx. space per package sub-station 10 m by 10m)	375.00
Sub-total	800.00
Add: VAT (5%)	40.00
Total	840.00

iii. *Plant and Machinery*

We propose to utilise ₹ 1182.50 Lacs towards installation of machinery at the proposed factory premise. The estimated cost breakup is as under:

Sr. No.	Item Description	Qty.	Name of Supplier	Date of Quotation	Rate (₹ in lacs)	Cost (₹ in lacs)
1	Dry Strand Pelletizer Series Primo Line Model PL 300S (with SL03 Rotor)	3	Lunarmech Machinenfabrik Ltd., Mumbai	November 02, 2016	133.78	133.78
2	Mega 70 Co-Rotating Twin Screw Extruder for PP Talc Compounding	3	STEER Engineering Pvt Ltd., Bangalore	November 04, 2016	259.69	779.06
3	High Speed Heater Mixer Model HSM 250 R	3	Neoplast Engineering Private Limited, Ahmedabad	November 03, 2016	7.85	23.56
4	6.0 MVA, 110kV/11kV Power Transformer	1	Supreme Power Equipment	November 08, 2016	47.40	47.40
5	8.0 MVA, 110kV/11kV Power Transformer	1	Private Limited, Chennai		54.62	54.62
6	808 KW / 1010 KVA, Diesel Generating Set	2	Powerica Limited, Silvassa	November 15, 2016	72.00	144.00
Total (including taxes)						1182.42
						Say ₹ 1182.50

No second hand Plant & Machinery has been purchased or is proposed to be purchased through the proceeds of the issue

iv. Contingences

The company has earmarked contingency of an amount of ₹ 170.65 lacs which is 2% of the cost of Building site development, Construction of Substation and plant & machinery.

2. UPGADATION OF RESEARCH & DEVELOPMENT FACILITY AT THE EXISTING PLANT AT PUDUCHERRY

Presently the manufacturers in the Indian thermoplastics compounding Industry are facing challenges due to presence of many small & medium players. In order to differentiate oneself from the competition and offer innovative products at a competitive pricing, we will be required to invest in developing R&D facility to bring about enhancement in the properties of existing products and also develop new products.

We manufacture specific products for customer/ industry specific application and speciality compounds. The demand for such customised products is expected to increase in the near future due to increased demand of features, safety and performance with respect to efficiency in automobiles, consumer goods, electric & electronic goods. This requires new test facilities and work in developing speciality compounds. The existing facility and R&D needs to be expanded to meet the revised and increased performance demands.

As the products manufactured in India are expected to be of global standards, customers are demanding, material behaviour over long term, new environmental regulations (ROHS, REACH, Blue Angel, etc.) and also certain subjective properties like touch/feel/odour. New equipments are required to be added in the R&D department to test and validate new formulations.

We propose to develop new products which will have:

- Grades for component weight reduction.
- Improved scratch resistance (Better quality of plastics used in car interiors).
- Grades with low level of Volatile Organic Compound VOC and odour to improve air quality in vehicle.
- Better part appearance for customer appeal.
- Elimination of paint to protect the environment.
- Replacement of metal with plastics to reduce the weight and number of operations.

These grades would help the company to promote new concepts and thereby develop new applications/new markets. These new grades would bring better realisation with increased margins and also expand our application base.

For the said R & D facility we propose to utilise ₹ 956.00 lacs out of the proceeds of the proposed rights issue. The equipments to be installed have been sourced through various suppliers and includes imported machineries. No second hand equipments have been purchased or is proposed to be purchased through the proceeds of the issue

Plant & Machinery**Imported**

Item Description	Qty	Supplier	Date of quotation	Basic Cost	Cost (₹ in Lacs)
4150LK Rockwell Hardness Tester	1	Zwick Roell Testing Machines Pvt Ltd., Chennai	October 25, 2016	€ 12,140.00	8.84
Digital Shore A Hardness Tester	1			€ 5,700	4.15
Digital Shore D Hardness Tester	1			€ 5,800	4.22
Heat Deflection Temperature (HDT)/Vicat Softening Temperature(VICAT) Apparatus	1			€81,135	59.07
Universal Testing Machine (Nominal force 5kN)	1			€ 61,260/-	44.60
Universal Testing Machine (Nominal force 30 kN)	1			€ 1,70,165/-	123.88
Micro-TRI-gloss S (4452)	1	Premier Colorscan Instruments Pvt. Ltd., Navi Mumbai	October 15, 2016	€ 4,460	3.25
Spectro-guide 45/0 gloss (6801)	1			€ 8276	6.02
Erichsen Scratch Hardness Tester430 P	1	Khushboo Scientific Pvt. Ltd., Mumbai	November 15, 2016	€32998/-	24.02
Thermogravimetry+ FTIR + Gas Chromatography (GC) – Mass Spectrometry (MS)for Evolved Gas Applications	1	Netzsch Technologies India Pvt Ltd., Chennai	October 18, 2016	€56,318	41.00
Agilnet Make GCMS – 7820 GC	1			€1, 05,660	76.92
Bruker FTIR – tensor 2	1			€40,000	29.12
Coupling Accessories For Ftir&Gcms	1			€22,928	16.69
HDT VICAT 6 station with Oil Fumes Filtering System and Basic Accessories	1	Venture Technologies, Bangalore	October 13, 2016	€90,647.00	65.99
Automatic Notching Machine (CEAST AN50)	1		October 13, 2016	€51,946.00	37.82
Ci4000 Weather-Ometer for Automotive Testing	1	Atlas Material Testing Technology LLC, USA	October 10, 2016	\$1,99,190	136.75
QUV Tester with Spray, 230V	1	Venture Technologies, Bangalore	October 13, 2016	\$20,061	13.77
Sub Total					696.11
Taxes	26.43% [Basic Duty (7.5%), Countervailing Duty (13.44%), Customs Education Cess (2%) on Basic Duty + C.V.D., Customs Higher Education Cess (0.419%) + Customs Higher Education Cess (0.2%) + Additional Duty (4.86%)]				183.98
Total					880.09
					Say ₹ 880.10

Conversion rate taken as on November 29, 2016, which are:

- USD = 68.6535 (Source: RBI)
- Euro = 72.8002 (Source: RBI)

Indigenous

Item Description	Qty	Supplier	Date of Quotation	Cost (₹ in Lacs)
Fogging tester	1	Cole-Parmer India Pvt. Ltd., Mumbai	November 14, 2016	41.23
2 Ft Scan - O - Lite Color Matching Booth With Membrane Switch	1	Premier Colorscan Instruments Pvt. Ltd., Navi Mumbai	October 24, 2016	0.72
Fullset of ISO/Specimen molds with insert	1	K AR Moulds, Chennai	October 14, 2016	15.18
Sub Total (inclusive of taxes, as applicable)				57.13
				Say ₹ 57.20

Contingences

The company has earmarked contingency of an amount of ₹ 18.70 lacs which is 2% of the cost of Plant & machinery.

3. EXPANSION OF FACILITIES AT THE EXISTING SET-UP SITUATED AT PUDUCHERRY AND MANESAR

We propose to expand the capacities at our existing set-up at Puducherry plant from 17000 MTPA to 26,000 MTPA and Manesar plant from 6500 MTPA to 15,000 MTPA.

The present increase of automotive manufacturing capacities and increased exports of the cars from India coupled with increased usage of PP compounds in passenger cars will ensure sustenance of demand. It is therefore imperative that the required capacities for compounding are established.

In view of the above, we propose to expand the capacities at Manesar and Puducherry units for which we propose to utilize ₹ 1078.00 Lacs out of the proceeds of the proposed rights issue. We propose to install one additional manufacturing line at each of our existing facility at Puducherry and Manesar.

I. Expansion of our existing unit at Puducherry

The cost of the proposed expansion under various heads are as follows:

Particulars	Amount (₹ in Lacs)
Shed Structure, Painting & Electrical work	204.20
Plant & Machinery	474.30
Contingencies	13.60
Total	692.10

i. *Shed Structure and Painting*

Sr. No.	Particulars	Name of Supplier/ Service Provider	Date of Quotation	Cost (₹ in lacs)
1.	<u>Construction of Shed</u>			
a.	Construction of Shed (Size: 52.46M x 16.96 M) and Basement	M/s Metal scope	June 10, 2016	83.33

Sr. No.	Particulars	Name of Supplier/ Service Provider	Date of Quotation	Cost (₹ in lacs)
	area (2 feet from existing ground level). Area: 9572 sq. ft.; Rate / sq. ft.: ₹757/-	India Pvt. Ltd., Puducherry		
b.	Site development			1.18
2	<u>Construction of steel shed</u>			
a.	For Supply of Steel columns, beams and Sheets			40.76
b.	Supply of Roof Ventilators (Units: 16 nos)			1.35
c.	For Erection of Pre Engineered Building			4.08
d.	For Erection of Roof Ventilators (Units: 16 nos)			0.09
3.	<u>Painting</u>	M/s Sri Sakthi		
a.	External wall painting	Builders &	September 10, 2016	4.13
b.	Internal wall painting	Planers,		5.63
c.	Grill work painting	Puducherry		6.65
	Sub-Total			147.20
	Add: VAT (5%)			7.40
	Total			154.60

Note: The construction of the Shed has already started during October, 2016 and advance of ₹ 89.30 Lacs has already been paid to M/s Metal scope India Pvt. Ltd., Puducherry towards the same.

ii. Electrical Work

Item Description	Supplier	Date of quotation	Cost (₹ in Lacs)
Cables Trays and Earthings	Sudhan Power Tech, Cuddalore	August 10, 2016	11.00
DP structure Allied Works		August 10, 2016	2.20
HT Panel (22KV Outdoor VCB Panel with 1 Incomer and 1 outgoing)		August 10, 2016	11.77
LT Panel		August 10, 2016	19.43
Installation of electric allied works		August 10, 2016	4.18
Sub-total			48.58
Add: CST (2%)			0.97
Total			49.55
			Say ₹ 49.60

iii. Plant & Machinery

An amount of ₹ 474.30 lacs is proposed to be invested in the plant and. The quotations of the machineries to be installed have been sourced through various suppliers and includes imported machineries. No second hand equipments has been purchased or is proposed to be purchased through the proceeds of the issue

(a) Imported

Item Description	Qty	Supplier	Date of quotation	Basic Cost	Cost (₹ in Lacs)
Coperion K-Tron high accuracy Loss in Weight Screw & BSP Feeders	1	ICE (Asia) Pvt. Ltd., Mumbai	September 19, 2016	CHF 102,472.00	69.38

Item Description	Qty	Supplier	Date of quotation	Basic Cost	Cost (₹ in Lacs)
Accessories for Coperion K-Tron Feeding System	1	ICE (Asia) Pvt. Ltd., Mumbai	September 19, 2016	-	10.51
Sub Total					79.89
Add: Taxes	26.43% including Basic Duty (7.5%), Countervailing Duty (13.44%), Customs Education Cess (2%) on Basic Duty + C.V.D., Customs Higher Education Cess (0.419%) + Customs Higher Education Cess (0.2%) + Additional Duty (4.86%)				21.11
Total					101.00

Conversion rate taken as on November 29, 2016, which is:

- CHF = 67.7040 (Source: Bloomberg)

(b) Indigenous

Item Description	Set	Supplier	Date of quotation	Cost (₹ in Lacs)
Hydraulic Lift table	1	Nilkamal Limited, Mumbai	October 18, 2016	4.95
Mega 70 Co-Rotating Twin Screw Extruder for PP Talc Compounding	1	STEER Engineering Pvt Ltd., Bangalore	September 14, 2016	204.53
Color mixer (Model AR250 Vertical)	1	SaroPlast, Chennai	October 19, 2016	2.55
Granular Conveying System	1	Aarkay Engineer, Chennai	July 08, 2016	10.51
GODREJ Material Handling System&ESW 1563 3-Stage CVT Electric Stackers 1.5 Tonne (along with respective charger for AH Battery)	1	Kannai Storage Solutions (I) Pvt Ltd., Chennai	September 17, 2016	20.38
Voltas Material Handling Warehousing Equipments	1	Kion India Pvt Ltd, Chennai	October 17, 2016	7.49
Kesar Screw Air Compressor Model ASD 50 Delivering FAD of 161 CFM	1	K. K. Associate, Pune	September 22, 2016	9.90
Kesar Refrigeration Air Dryer Model TD 61 for a pressure dew point of +3 Degree C	1			3.69
Kaeser Pre Filter Model: F83 KB	1			0.55
Keser Micro Model: F83 KE	1			0.55
High Speed Heater Mixer Model HSM 250 R	1	Neoplast Engineering Pvt. Ltd., Ahmedabad	October 19, 2016	8.14
Prolec GE distribution transformer, three phase, oil immersed, 2000 KVA, ONAN, 50Hz, 40/45 deg. Temperature rise, high voltage of 22kv, low voltage of 433V, Dyn11, with On Load Tap Changer, +7% to -21% in steps of 1.75%, according with IS 1180	1	Prolec GE India, Kancheepuram, Tamil Nadu	October 20, 2016	25.76
For Supply Metal Pallets (1.2m by 1.2m) made out of Rectangular	1000	Royal Industrial Corporation,	October 11, 2016	33.34

Item Description	Set	Supplier	Date of quotation	Cost (₹ in Lacs)
tubes (as per approved sample supplied)		Pundicherry		
Dust Collector Duct, Damper, Support and Canwash connection	1	KK Associate, Puducherry	September 23, 2016	7.02
Exhaust Ducting for FUMES, 4 no. of machine, Damper, Suction Hood, Transportation, Blower (7.5 HP) and Supports for Ducting	1	KK Associate, Puducherry	September 23, 2016	3.24
Hot air Exhaust Duct size of 600 by 600 m thick 24 GI Sheet	1	KK Associate, Puducherry	September 07, 2016	0.37
Dry Strand Pelletizer Series Primo Line Model PL 300S	1	Lunar Maschinenfabrik Ltd., Mumbai	November 04, 2016	30.25
Total (inclusive of taxes, as applicable)				373.22
				Say ₹ 373.30

iv. Contingences

The company has earmarked contingency of an amount of ₹ 13.60 lacs which is 2% of the cost of constructing Shed Structure, Painting and plant & machinery.

II. Expansion of our existing unit at Manesar

The cost of the proposed expansion under various heads are as follows:

Particulars	Amount (₹ in Lacs)
Shed Structure and Painting	35.30
Plant & Machinery	343.00
Contingencies	7.60
Total	385.90

i. Shed Structure and Painting

Providing and Fixing M.S. structural steel work

The cost estimates based on the quotation dated October 15, 2016 provided by M/s. Devanshi Buildtech Pvt. Ltd., Delhi are as under:

Particulars	Area / Units	Rate (in ₹)	Cost (₹ in lacs)
Structural steel work in single section, fix with or without connecting plate, including cutting, hoisting, fixing in position and applying a steel priming coat and paint of approved make all complete.	12800 Kg (approx.)	125	16.00
Making of shed as per existing..etc..	850sq.ft. (approx.)	260	2.61
Sub-total			18.61
Add: VAT (5%)			0.93
Total			19.54
			Say ₹ 19.60

Erection work for High Tension (HT) 11 KV

We propose to set-up HT 11 KV Sub-Station at our Manesar plant. The cost of setting-up the same

along with the same as per the quotation dated October 15, 2016 received from Hi Tech Power Systems, Manesar, Gurgaon is ₹ 15.70 Lacs.

ii. **Plant & Machinery**

(a) **Imported**

Item Description	Qty	Supplier	Date of Proforma Invoice	Basic Cost	Cost (₹ in Lacs)
Coperion K-Tron high accuracy Loss in Weight Screw & BSP Feeders	1	ICE (Asia) Pvt. Ltd., Mumbai	November 04, 2016	CHF 1,00,000.00	67.70
Accessories for Coperion K-Tron Feeding System	1	ICE (Asia) Pvt. Ltd., Mumbai	November 07, 2016	-	11.66
Sub Total					79.36
Add: Taxes	26.43% including Basic Duty (7.5%), Countervailing Duty (13.44%), Customs Education Cess (2%) on Basic Duty + C.V.D., Customs Higher Education Cess (0.419%) + Customs Higher Education Cess (0.2%) + Additional Duty (4.86%)				20.97
Total					100.33
					Say ₹ 100.00

Conversion rate taken as on November 29, 2016, which are:

- CHF = 67.7040 (Source: Bloomberg)

(b) **Indigenous**

Item Description	Set	Supplier	Date of quotation	Cost (₹ in Lacs)
Mega 70 Co-Rotating Twin Screw Extruder for PP Talc Compounding	1	STEER Engineering Pvt Ltd.	September 14, 2016	204.53
High Speed Heater Mixer Model HSM 250 R	1	Neoplast Engineering Pvt. Ltd., Ahmedabad	October 19, 2016	8.14
Dry Strand Pelletizer Series Primo Line Model PL 300S	1	Lunar Machinenfabrik Ltd., Mumbai	November 04, 2016	30.25
Total				242.92
				Say ₹ 243.00

iii. **Contingences**

The company has earmarked contingency of an amount of ₹7.60 lacs which is 2% of the cost of site development, Building and plant & machinery.

4. WORKING CAPITAL REQUIREMENT

Our Company proposes to utilise a part of Rights issue proceeds to meet the augmented working capital requirements.

We are presently involved in the manufacturing of specialty products with a combined capacity of 40,200 MTPA. We propose to set-up a new manufacturing unit at Pune (Chakan) and also expand our manufacturing capacities at our existing units at Puducherry and Manesar. Post expansion our capacities would increase 94,500 MTPA. This increase in capacities will entail higher level of current assets holding and current liabilities, details of which are mentioned below:

(Rs. in Lacs)			
Particulars	Actuals FY 2015-16	Estimates (FY 2016-17)	Estimates (FY 2017-18)
(A) Current Assets			
Cash and Bank Balances	651.03	138.00	156.00
Receivables other than deferred & exports (including Bills purchased & discounted by bank)	8,526.05	9,801.07	13,382.24
Inventory :			
Raw materials (including Stores & other items used in the process of manufacture)			
- Imported	1,636.03	2,984.94	4,075.59
- Indigenous	2,388.64	1,193.98	1,630.24
Stocks-in-process	338.14	332.69	454.24
Finished goods	1,484.36	1,330.74	1,816.98
Other consumable spares	82.69	120.72	174.94
Other current assets	686.50	812.00	856.00
Total Current Assets (A)	15,793.44	16,714.14	22,546.23
(B) Current Liabilities & Provisions			
Sundry Creditors (Trade)	8,900.89	7,051.71	9,628.30
Sundry Creditors (Expenses)	552.40	1,200.00	1,300.00
Total Current Liabilities (B)	9,453.29	8,251.71	10,928.30
Working Capital Gap (WCL) (A) – (B)	6,340.15	8,462.43	11,617.93
To be financed by:			
Bank limits	6,500.00	6,500.00	6,500.00
Rights Issue	-	-	4,196.85
Internal Accruals/ additional Bank Funding *	-	1,962.43	921.08

* Presently the company has been sanctioned working capital facilities from CITI Bank, Chennai branch to the extent of Rs. 6500 lacs. These facilities are used mainly for the Letter of Credits for procuring of raw materials. As on September 30, 2016, out of the existing facilities Rs. 30 crores were used against the LCs and BG facilities and balance towards cash credit requirement. We will approach our existing bankers for the additional working capital facilities at the appropriate time as and when required.

Basis of Estimation

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

Particulars	No. of Days
Raw Materials - Imported	30
Raw Material- Indigenous	12
Stock – in – Process	3

Particulars	No. of Days
Consumable	Based on critical spares needed
Finished Goods	15
Inland Receivables	75
Sundry Creditors	45

5. ISSUE RELATED EXPENSES

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

Particulars	Approximate Amount (₹ in lacs)	As percentage of total expenses (%)	As a percentage of Issue size (%)
Fees of the Intermediaries	34.00	51.52	[●]
Advertising, Printing and stationery expenses (including courier and distribution charges)	8.00	12.12	[●]
Statutory and others miscellaneous expenses (fees to regulators, listing fees, depositories' fees, auditor fees, out of pocket expenses, etc)	24.00	36.36	[●]
Total	66.00	100.00	[●]

Schedule of Implementation and Deployment of Funds

We further propose to utilize the Issue proceeds towards the other Object mentioned above as under:

Particulars	Month/ Year of Commencement	Month/ Year of Completion
Setting up of a new facility at Chakhan -Pune		
• Building & electrical work	January, 2017	November, 2017
• Plant & Machinery	June, 2017	February, 2018
• Trial Run	November 2017	February, 2018
• Commencement of commercial production	December, 2017 *	-
Upgradation of Research & Development facility at the existing plant at Puducherry	December, 2016	June, 2017
Expansion of facility at the existing location at Puducherry	October, 2016	March, 2017
Expansion of facility at the existing location at Manesar	December, 2016	April, 2017

* The commercial production at Chakan Plant will start in phases from December 2017

Year wise break-up of proceeds to be used

The year wise break-up of proceeds to be incurred are as under:

(₹ in lacs)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	Total
Setting up of a new facility at Chakhan Industrial Area, Village –Vasuli Tal-Khed, District-Pune				
• Building, electrical work and sub-station	1000.00	5715	635.00	7350.00
• Plant & Machinery	-	1014.3	168.2	1182.50
• Contingencies	-	-	170.65	170.65
Upgradation of Research & Development facility at the existing set-up at Puducherry	375.00	581.00	-	956.00
Expansion of facility at the existing set-up at Puducherry	275.00	417.10	-	692.10
Expansion of facility at the existing set-up at Manesar	150.00	235.90	-	385.90
Working capital requirement	-	4196.85	-	4196.85
Expenses to the Issue	66.00	-	-	66.00
Total	1866.00	12178.70	955.30	15000.00

Funds deployed till date

As per the certificate dated November 30, 2016 issued by M/s P.Srinivasan & Co. Chartered Accountants & Statutory Auditors of the Company, our company has spent an amount of ₹ 94.48 lacs till November 30, 2016 towards the objects of the issue. Details of the Deployment & Sources of funds are as mentioned hereinunder:

Deployment of Funds	₹ in lacs
Expansion of facility at the existing location situated at Puducherry	89.30
Expenses to the Issue	5.18
Total	94.48

Sources of Funds	₹ in lacs
Internal Accruals	94.48
Total	94.48

Interim use of funds

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

STATEMENT OF TAX BENEFITS**Statement of possible tax benefits available to Kingfa Science & Technology (India) Ltd. and its shareholders**

The Board of Directors
Kingfa Science & Technology (India) Ltd.,
Dhun Building 3rd floor,
827, Anna Salai
Chennai 600 002

Dear Sirs,

Sub: Proposed Right Issue of Equity Shares (the “Issue”) by Kingfa Science & Technology (India) Limited (the “Company”)

We report that there are no possible special direct tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 and Wealth-tax Act, 1957, presently in force in India.

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

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

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

**For M/s P Srinivasan & Company,
Chartered Accountants**

Sd/-

**S. Gopalan
Partner**

**Membership No.: 021007
Firm Registration No. with ICAI: 004054S
Peer Review Certificate No.: 004585**

Place: Chennai

Date: November 30, 2016

SECTION V – ABOUT US**BUSINESS OVERVIEW****Overview**

Our Company is engaged in the manufacturing and supply of custom tailored high quality Modified Engineering thermoplastics based on Polypropylene (PP), Polybutylene terephthalate (PBT), Polyamide (PA) and Thermoplastics Elastomers. We presently operate through our three manufacturing units situated at Puducherry, Pune and Manesar (Gurgaon). The units have a combined manufacturing capacity of 40,200 TPA. Our Company is a TS-16949, ISO 14001 and OHSAS 18001 Certified company employing over 160 personnel. Our grades are specified and approved by major Global Automotive manufacturers like Ford, General Motors, VW, Renault Nissan, Tata, M&M etc. Post acquisition of our company by Kingfa Sci. & Tech. Co., Ltd. (**‘Kingfa China’**), the Company has further commenced manufacturing of Engineering Plastics like PBT (Used in Lighting, electrical applications), Polyamides (automotive, Electrical applications) at its facility in Jejuri, Pune.

Founded in the year 1993, Kingfa China is one of the largest modified plastic enterprise in the world with a manufacturing capacity of over 1.5 mn tonnes. Kingfa China provides wide range of modified thermo plastic solutions like flame retardant and low smoke density resins, reinforced and toughened resins, polymeric alloys, functional master batches (Flame Retardant additive and Performance MasterBatch), Bioplastics and partial recycled resins. Kingfa China is an A-share company listed in Shanghai Stock Exchange. Kingfa China has received an ISO/ IEC 17025:2005 certification for competence of testing and calibration laboratories. It is a GB/T 19001/ ISO9001, ISO 14001, OHSAS 18001 and ISO / TS 16949 certified enterprise.

During the year 2015, our Company issued 37,03,364 equity shares of Rs.10/- on Rights basis to the existing equity shareholders of the Company in the ratio of 578 equity shares for every 1000 fully paid-up Equity shares held (i.e., 578:1000) at a premium of Rs.260/- per equity shares, aggregating to Rs. 9999.08 lacs. Out of the Rights Issue proceeds our Company repaid the outstanding bank loan to the extent of Rs. 5400 lacs and around Rs. 600 lacs was deployed towards plant & machinery. The balance of Rs. 3990 Lacs was utilized towards payment of lease premium for the acquisition of land admeasuring 1,20,000 sq. mts at Chakan Industrial Area, Village –Vasuli Tal-Khed, District-Pune. The said land has been taken on lease from MIDC for a period of 95 years. The lease agreement has been entered on November 11, 2016. The consideration towards the lease premium has been funded through the proceeds of the previous Rights Issue made during October 2015. The Company had sought and obtained necessary approvals from the shareholders for variation in the ‘Objects of the Issue’ as mentioned in the previous Offer Document, vide Resolution dated December 15, 2015.

The Company is now proposing to set-up a greenfield state of the art Global scale manufacturing and technical centre on the above said land to cater to the ever growing demand from the market for tailored thermoplastics for improved performance safety and cost saving at the land at Chakan, Pune.

Subsequent to the Rights Issue, the name of our Company was changed from Hydro S & S Industries Ltd to Kingfa Science & Technology (India) Limited. Further, the equity shares of our company were listed at National Stock Exchange of India Limited (**‘NSE’**) under the Direct Listing route and the trading of equity shares at NSE commenced since November 15, 2016.

Competitive Strengths

We are into the business of manufacturing and supply of high quality Modified Polypropylene Compounds, Thermoplastics Elastomers and reinforced Thermoplastics. We are an TS-16949 certified Company, with a legacy of over 32 years of presence in the industry. We believe that following are our principal competitive strengths:-

1. **Strong management Team:** Our Company is managed by a team of professionals which includes an ideal combination of directors from India and experienced professionals representing our promoter ‘Kingfa China’. The promoter and the senior management team of our Company have significant

industry experience and are confident that they will be successful in directing the business of the Company and implementing the strategies planned by them.

2. **Relationship with established players in industry:** Our customer base includes a diverse set of industries including Automotive, Home Appliances, Lighting, and other Industries. Our products have found wide acceptance in the markets across India – *North, South and West*. Our Top Ten customer base based on the sales value of the products supplied to them for the year ended March 31, 2016 are as disclosed on page no 52 of this Offer Document. The Company is well poised to benefit from this strong relationship with the industry players enabling the Company to provide better services to its customers.
3. **Selling and Distribution network:** We have gradually developed our selling and distribution network over a period of time. We have successfully developed an extensive clientele in sectors such as automotive, Home appliances, Electrical and Lighting segments. We have developed our marketing network in various cities such as Chennai, Pune, Bengaluru, Noida, and Gurgaon by appointing marketing personnel in the respective areas/states who are on the permanent rolls of the Company. The marketing team caters to the clients with timely offering of modified thermoplastic material solutions and delivery of products. Most of our products are sold directly to the actual processors and customers.
4. **Locational Advantages:** Our plants are located at Puducherry, Jejuri - Pune and Manesar. These units are at close proximity to the user industry. Our manufacturing units are very well connected by road and rail. The Puducherry unit is in close proximity to the Chennai seaport and the Jejuri – Pune unit is close to the Nhavasheva Port. The Manesar unit is close to the largest passenger car manufacturer in India Maruti-Suzuki and also the largest 2 wheeler manufacturing base for HERO Motors, HONDA 2 Wheelers etc. This facilitates efficient movement of raw materials and finished products. Our location also helps us to service wide array of customers.
5. **Local brand Equity and acceptance by OEM's:** We have been in existence for more than 32 years and have been supplying our products to various Tier 1 suppliers who in turn supply to some of the well known OEMs. For supplying to such Tier 1 we have to undergo audit from the OEMs. Due to our longterm relationships with our customers, we have developed acceptability with these customer in the market which also help us to reach out to new customers.
6. **Technical Strength to develop cost effective formulations backed by our research and development team:** Kingfa China has one of the largest portfolio of approvals from Transnational Manufacturers in automotive, electrical & electronic, telecom, office automation and other industries. Our Promoter is supporting us in quickly deploying the technology developed and validated in China into India. This would enable us to quickly establish the grades manufactured in India at various OEMs. This will supplement our already established local R&D team who have built a significant strength with respect to developments for the automotive industry.
7. **Standardized and documented internal processes:** Our Company is in continuous process industry and the production is carried out in batches for which batch manufacturing records are maintained. There are standard operating procedures for manufacturing, quality control and quality assurance of the products manufactured. Our company also has preventive maintenance plans for smooth manufacturing operations.

Under the guidance of the skilled management, the company documented its internal processes and methodologies which ensures that each department and each employee of the company are aware of their respective roles and obligations, and each activity of construction and development is as per the standards of quality that has been set. This also ensures uniformity in all the processes.
8. **Experienced Management and Employees:** Our Company is managed and run by a team of experienced professionals. We are building a strong front end team to work with customers to understand their critical performance requirement which is a key in developing new material formulation.

- 9. Established Reputation for Quality Projects:** Our Company has obtained various certifications for ensuring quality standards at its facilities. The quality certifications include TS-16949, ISO 14001 and OHSAS 18001.

Products

Our Company is into manufacturing and supply of:

- Polypropylene based compounds
- Engineering Plastics Compounds.
- Thermoplastic Elastomers compounds.

a. Polypropylene

We manufacture a wide range of Reinforced Polypropylene compounds under the 'HYFIL' brand Polypropylene modified by the addition of reinforcements such as talc, chalk, mica and glass fibre has enabled it to establish itself as a metal substitute in engineering applications.

Different types of Polypropylenes manufactured by us and their applications in the industries are as mentioned below:

Product Description	Application	Industry
Modified PP compound	Bumpers	Automotive
Modified PP compound	Instrument Panel	Automotive
Modified PP compound	Door Trims	Automotive
Modified PP compound	A,B, C Pillar Trims	Automotive
Modified PP compound	Horn Pads	Automotive
Reinforced PP Compound	Grab Handle, Fans	Automotive
Reinforced PP Compound	Washing Machine TUBS	Home Appliances

b. Engineering Plastics Compounds

We manufacture different types of Engineering Plastic compounds viz: Glass Fibre reinforced, Flame retardant, Impact Modified, Dimensionally Stable, Hydrolytically Stable modified thermoplastics based on Polybutylene Terephthalate, Polyamide 6, Polyamide 66, Polycarbonate/ABS alloys, ABS/PMMA alloys etc. These products are used in following industry/ applications:

Product Description	Industry
Glass Fibre reinforced flame retardant PBTP	Home Appliances (CFL Housings, LED light housings, MCB's etc)
Glass Fibre reinforced PBTP	Home Appliances (CFL Housings and Connectors)
Flame Retardant Filled Polyamide 6	Home Appliances Molded Circuit Breakers Contactors and Switches)
Glass Fibre reinforced Polyamide 66	Automotive
Polycarbonate/ABS alloy	Automotive
ABS/PMMA	Home Appliances (Televisions)
High impact Glass fibre reinforced Poly Butylene Terephthalate (PBTP)	Electronic Appliances and Automotive
High flow Glass fibre reinforced flame retardant Poly Butylene Terephthalate (PBTP)	Connectors and Telecom industry

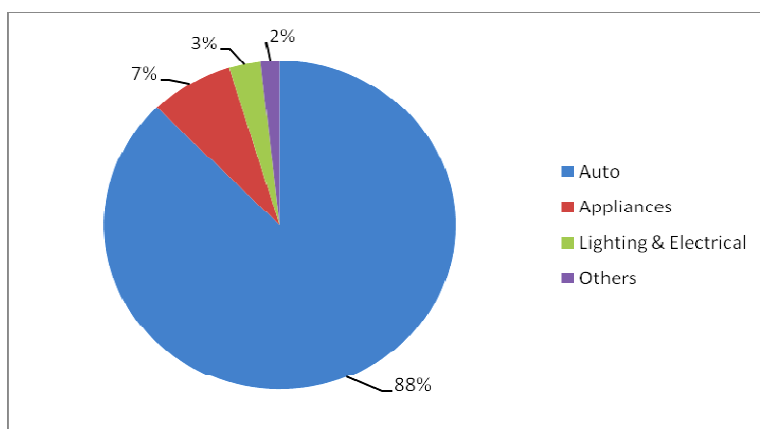
c. Thermoplastic Elastomers

Thermoplastic Elastomers are material which exhibit greater Elasticity and behave like rubber. Typically supplies are in the Hardness of between 50 Shore A to 40 Shore D. These are supplied in different hardness and elongation for different application as detailed below:

Grade	Application
Thermoplastic Elastomer with low Creep	Pen Grips, Bushes
Thermoplastic Elastomer with high Compression set	Bellows for 2 wheelers, pads etc
Thermoplastic Elastomer =Shore A 50	Seals, strips , washers etc

Industry breakup

Breakup of Industry where we supplied our products as on 2015-16 (the % of various products given below are approximate basis):



Facilities

Plant Location	Activities	Installed Capacity
RS No. 38/1, Sedarapet Industrial Area, Sedarapet, Puducherry – 605 111	Modified PP compounds	19,200 MTPA
G 34, Addl. Jejuri Industrial Area, Jejuri, Tal. Purandar, Pune – 412 303	Modified PP compounds and Engineering Plastics compounds.	15,000 MTPA
Plot No-406, Sector-8, IMT Manesar, Gurgaon – 122050, Haryana	Modified PP compounds	6,000 MTPA

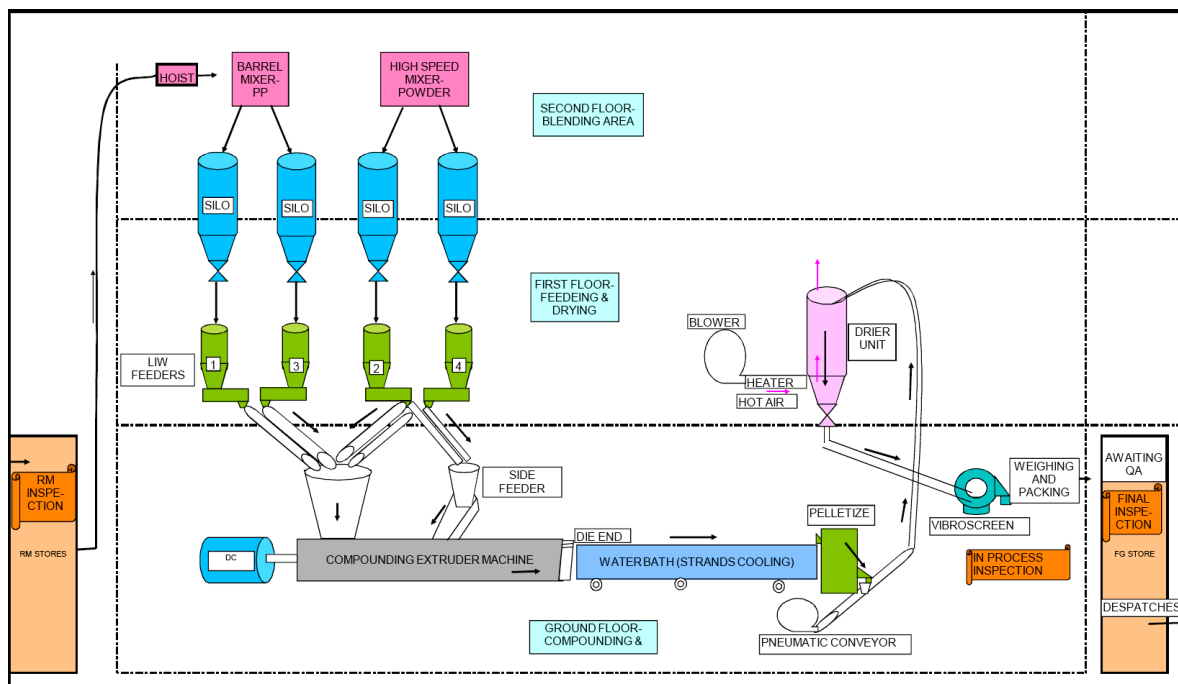
Plant and Machinery

The following are Plant & Machineries installed at various locations, post funds received through the previous Rights Issue:

Sl. No.	Description/ Name of the Machine	Unit (in Nos.)
Puducherry		
1.	Twin Screw Extruder- 1T output	1
Jejuri , Pune		
2.	Steer Twin Screw Extruder-1.5T Out Put	1
3.	X- Rite Color scan MC	1
4.	International Equipment Muffle Furnace	2
Application Development Centre		
5.	Injection Moulding Machine	1
6.	Scratch tester-Taber & Ericshon	1

For details regarding new Plant& machineries proposed to be bought by our Company, please refer to section 'Objects of the Issue' on page no 33.

Process Flow



Raw Materials

Major raw materials required for manufacturing the compounds are Polymer resin, fillers like talc, glass fibre, chalk besides additives, elastomers, oxidizing agents besides pigments required to meet the desired colour specifications. The proportion of the various raw materials would depend on the final compound which in turn depends on the application which is proposed to be used.

Stage 1: Charging of raw materials

The above said raw materials are suitably blended in high speed mixers and charged in the silos. We would have a provision for 4 silos for each of the extruding machines. The material is fed into the compounding machine by the gravity force from the silos and the rate of flow of the materials are controlled through loss-in-weight feeders which are electronically set up.

Stage 2: Compounding Process

Compounding is a process of melt blending plastics with other additives. This process changes the physical, thermal, electrical or aesthetic characteristics of the thermoplastic. The final product is called a compound or composite. Compounding starts with a base resin or polymer. Depending on the performance requirement and the economics the right base resin is selected that would best fit the final application requirements.

By incorporating an extensive range of additives, fillers, and reinforcements, a wide range of properties can be achieved such as:

1. Uniform shrinkage for critical dimensionally stable moldings
2. High Gloss and Color for application requiring high aesthetics
3. Higher Strength with reinforcements for structural and load bearing applications
4. Thermal stability for applications requiring continuous exposure to heat
5. Modification to enhance molding of thin walled parts having the required strength and part integrity
6. Flame retardant and low smoke density for electrical and safety requirements
7. Lower friction for moving parts

Based on the end use requirements a wide range of additives and modifiers are used and compounded with base resin. The technology is the formulation that gives the desired effects and performance and the manufacturing of the same by using the right compounding and feeding techniques. The compounded resin is validated for different properties to ensure that it finally meets the customers processing and performance requirements.

The raw materials are fed into the compounding extruder machines. The extruders are powered by a DC motor and they have 3 – 4 temperature zones in them with temperature ranging from 150°C to 230°C. The material, on passing into the extruders, the Polymer melts and mixes with the various fillers, additives, pigments materials by the shearing action of the conveying screw in the extruder. The conveying screw subsequently pushes the material outside and thereby ensures homogenized mixing of the materials. The molten mix that comes out of the extruder is led through a multihole die. This then transforms into the strands. The strands are taken through a water bath for cooling and they are passed through a pelletiser on line where the strands are cut into pellets. To enable this process smoothly, the speed of the pelletiser is set to match the output from the extruder machine. There are electric heaters fitted in the machine to generate the required heat for the process and there are cooling systems also to cool the material if the temperature goes beyond the set points. Both the heating and cooling are controlled through temperature controllers. Since the heating is using electrical power, it is pollution free – No smoke etc.

Technical and Financial Collaboration

Presently our company has not entered into any technical and financial collaboration with any parties.

Raw Materials

The main raw material required for our business is Polypropylene, Polyamide 6, PBTP, Glass Fibre, elastomers and Talc. Following are some of our major suppliers:

- Polypropylene: Mainly from Reliance Industries Limited, Indian Oil Corporation Ltd., Basell International Trading FZE (a LyonellBasell Company), Dubai and Haldia Petrochemicals Limited
- Polyamide 6 & PBTP: Kingfa China.
- Polyolefin Elastomers: Exxonmobile Chemicals Asia Pacific., Mitsui Chemicals, Singapore, etc.
- Talc : Golcha Minerals (India) Private Limited, India.

75% of our raw material consists of Polypropylene.

Top ten customers for the Financial Year 2015-16

- Bright Auto Plast Ltd.
- Plastic Omnium Exterior (India) Pvt Ltd.
- Motherson Automotive Technologies & Engineering
- Renault Nissan Automotive India Pvt Ltd
- Hanil Automotive India Pvt Ltd.
- Mutual Industries Ltd.
- Sundaram Auto Components Limited
- Reydel Automotive India Pvt Ltd.
- Yanfeng India Automotive Interiors Systems Pvt Ltd.
- Tractors and Farm Equipment Ltd.

Infrastructure Facilities**Power*****Puducherry Facility***

We have been sanctioned 1500 KVA from Puducherry Electricity Department Board for our facility. However to avoid any disruption in the power supply, our Company has already installed DG sets.

Pune Facility

We have been sanctioned 1944 KVA from Maharashtra State Electricity Distribution Co Ltd. For our facility situated at Jejuri. However to avoid any disruption in the power supply, our Company has already installed DG sets.

Gurgaon Facility

We have been sanctioned 400KVA from Dakshin Haryana BijliVitrans Nigam Ltd for our facility situated at IMT Manesar, Gurgaon. However to avoid any disruption in the power supply, our Company has already installed DG sets.

Water

Water is required only for product cooling. The same is sourced through the local authorities.

Manpower

Our Company has adequate manpower at all levels at present and does not envisage any difficulty in getting the requisite personnel for our business operations at existing locations. Following are the details of our manpower:

Category	Head Office	Puducherry Facility	Pune Facility	Manesar Facility	R&D (Puducherry)	Total
Manager & Executives	19	3	10	7	3	42
Office Staff	5	2	4	1	2	14
Supervisor	5	18	11	6	7	47
Skilled Worker	-	19	5	-	-	24
Trainees	4	13	6	-	4	27
Top Management	5	1	1	1	1	8
Grand Total	38	56	37	14	17	162
Contract Worker	-	42	85	23	7	-

Details of manpower proposed to be appointed, post expansion

We propose to add the following staff after expansion and shall take the necessary steps for recruitment of additional manpower shortly:

Category	2016-17	2017-18	2018-19
Manager & Executives	5	5	12
Supervisor	4	6	12
Total	9	11	24
Contract Worker	-	18	54

Effluent Treatment and Disposal

The Company has obtained necessary approvals from Pollution control boards. Although our manufacturing process does not generate any effluents, we have necessary arrangements with the local authorities for disposal of waste oil, cotton waste, etc generated during the process.

Environmental Clearance

We have got all the necessary approvals from the local authorities to operate our business. For details relating to the license and approvals, please refer chapter on 'Government Approvals' appearing on page no. 101.

Competition

Our Company operates in competitive environment and has a number of competitors who are engaged in the similar business, namely Machino Polymers Ltd, Sabic Innovative Plastics I Ltd., DSM Engineering Plastics India Private Ltd., BASF (India), E.I.DuPont India Private Limited, Styrolution ABS (India) Limited etc. The listed players manufacturing similar products include Supreme Industries Limited, Ester Industries Limited and Flexituff International Limited

Marketing and Selling Arrangements

We have long term relation with our customers and have been receiving repeat orders from them. We also receive orders from new customers through mouth publicity. We work with the automotive OEMs directly for approval and specification of our grades for use in their various passenger car/ truck models. The automotive OEM formally approves the grade (model/ application/ grade) and recommends the same to the Tier 1 (direct supplier to the OEMs). Based on this we get orders from Tier 1 to which we supply directly.

Export Obligation

Our Company does not have any export obligation and as such there is no pending obligation to be met by our Company.

Quality Certifications

Our Company gives utmost importance to the quality of products as in our industry one gets repeat orders only if the previous orders have passed the minimum quality standards. Various regulatory organizations have certified units of our company for quality and environmental management system, details of which are given as under.

Sl No.	Certificate	Office/ Plant	Authority	Validity
1	ISO / TS 16949 : 2009	Registered Office and Plant situated at Puducherry	Det Norske Veritas Management System Certificate (DNV), Texas, USA (IATF)	05-06-2018
2	ISO / TS 16949 : 2009	Registered Office, Plants situated at Puducherry, IMT-Manesar	Management System Certificate DNV GL	16-11-2017
3	ISO / TS 16949 : 2009	Registered Office, Plants situated at Pune, Puducherry & Pudukottai	Det Norske Veritas Management System Certificate (DNV), Texas, USA (IATF)	28-05-2018
4	ISO 14001 : 2004	Registered Office, Pucuhcerry, and Pune	Management System Certificate DNV GL	21-01-2018
5	OHSAS 18001:2007	Registered Office, Pucuhcerry, and Pune	Management System Certificate DNV GL	21-01-2018

Intellectual Property Rights

Our Company doesn't own any intellectual property rights (IPR) and neither is it entitled to any intellectual property rights other than those mentioned under section 'Government Approvals' appearing on page no 101 of this Offer Document.

Our Business Strategy

We are into the business of manufacturing and supply of high quality custom tailored Engineering thermoplastics based on Polypropylene (PP), Polybutylene terephthalate (PBT), Polyamide (PA) and Thermoplastics Elastomers. Although we currently supply to various industry segments, about 88% of our revenue comes from the Automotive industry.

Going forward, we want to focus on increasing our exposure and revenue contribution from industries other than the Automotive industry. Our focus would be directed towards segments which are poised to grow at higher rates. LED lightings, appliances (front loading washing machines), air conditioners, water heaters, electronic chargers, telecom are a few industry segments where we have started making progress already. With wider industry reach and exposure we would be able to mitigate any risk associated with dependency on single industry segment.

Capacity and Capacity Utilization

Particulars	Actual			Projected		
	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	2016-17 (Projected)	2017-18 (Projected)	2018-19 (Projected)
Existing Installed capacity of Polypropylene (in MTPA)	30000	30000	36000	50000	64000	77000
Capacity Utilisation (%)	54%	61%	72%	78%	81%	92%
Production (MT)	16224	18199	26000	39000	52000	71000
Existing Installed capacity of Engineering Plastics Compounds (in MTPA)	-	3000	3000	3000	6000	16000
Capacity Utilisation (%)	-	11%	33%	67%	67%	81%
Production (MT)	-	315	1000	2000	4000	13000
Existing Installed capacity of Thermoplastic Elastomers (in MTPA)	1200	1200	1200	1200	1500	1500
Capacity Utilisation (%)	18%	25%	30%	50%	53%	67%
Production (MT)	215	304	360	600	800	1000

Property

Registered Office:

Registered Office	Owned/ Leased	Lessor	Date of Purchase / Lease	Area (sq. ft)	Activities
Dhun Building, 3 rd floor, 827, Anna Salai Chennai 600002	Leased	Tarapore & Company, Engineers and contractors	Since 1992	4145	Registered & corporate Office

Other Property owned / leased by the company are as follows:

Property Description	Owned/ Leased/ Rented	Seller/Lessor	Date of Purchase / Lease	Area (Sq. mt)	Activities
Puducherry, Tamil Nadu	Owned	WS. Industries (India) Ltd.	November 10, 1993 & October 17, 2012	9,169.96	Manufacturing facility
Jejuri, Pune	Leased	Maharashtra Industrial Development Corporation (MIDC)	July 15, 2008 (Ninety Five Years computed from April 01, 2007)	13,700	Manufacturing facility
Manesar, Gurgaon	Leased	Mr. Amrit Pal Singh, Mr. Arvinder Singh, Mr. Amar Pal Singh, Mr. Sumeet Singh & Mr. Gundeep Singh Anand	February 09, 2016 (Five years from January 01, 2016)	4050	Manufacturing facility
Pudukkottai, Tamil Nadu	Leased	State Industries Promotion Corporation of Tamil Nadu (SIPCOT)	November 20, 1984 (Ninety Nine years from the date of agreement)	28,408.9	Manufacturing facility (Operations at the said facility has been closed since May 2014)
Chakan, Pune	Leased	Maharashtra Industrial Development Corporation (MIDC)	November 11, 2016 (Ninety Five Years computed from November 11, 2016)	1,20,000	Manufacturing facility
Warehouses for Raw Material					
Jejuri, Pune	Leased	Mrs Geeta Rajkumar Tejwani	July 01, 2016 (Three years from July 01, 2016)	6999	Raw material storage
Puducherry, Tamil Nadu	Leased	M. Bharath Kumar	July 01, 2016 (Five years from July 01, 2016)	2555	Raw material storage

Apart from the above mentioned two warehouses for storage of raw materials the company through logidtic service providers operates warehouses for storage and despatch of its finished goods at Maraimalai Nagar—Chennai, Bangalore, Gurgaon, Ahmedabad and Pune.

KEY INDUSTRY REGULATIONS

The following description is a summary of the relevant regulations and policies as prescribed by the GoI and other regulatory bodies that are applicable to the manufacturing business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the shareholders and neither designed, nor intended to substitute for professional legal advice. For details of government approvals obtained by us, see the section titled "Government and Other Approvals" on page 101 of this Draft Letter of Offer.

Approvals from Local Authorities

Setting up of a factory or manufacturing / housing unit entails the requisite planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents are also required from the state pollution control board(s), the relevant state electricity board(s), the state excise authorities, sales tax, among others, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

Shops and Establishments Legislations

The provisions of various shops and establishments legislations, applicable in the states in which the establishments are set up, regulate the work and employment of the workers employed in shops and establishments, including commercial establishments, and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments, and other rights and obligations of the employers and employees.

Foreign Investment Regulations

The new industrial policy was formulated in 1991 to implement the Government's 57authorized 57ionprogramme and consequent industrial policy reforms relaxed the industrial licensing requirements and restrictions on foreign investment.

Foreign investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications thereunder, read with the presently applicable Consolidated FDI Policy (effective from April 1, 2011 to September 30, 2011) as issued by the Department of Industrial Policy and Promotion, ("DIPP").

The RBI, in exercise of its powers under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended ("FEMA Regulations") to prohibit, restrict, regulate, transfer by, or issue of security, to a person resident outside India.

At present, investments in manufacturing companies fall under the RBI automatic approval route for foreign direct investment up to 100%.

SEBI (Foreign Portfolio Investors) Regulations, 2014

In order to harmonize the various available routes for foreign portfolio investment in India, the Indian securities market regulator i.e. Securities Exchange Board of India ("SEBI") has introduced a new class of foreign investors in India known as the Foreign Portfolio Investors ("FPIs"). This class has been formed by merging the existing classes of investors through which portfolio investments were previously made in India namely, the Foreign Institutional Investors ("FIIs"), Qualified Foreign Investors ("QFIs") and sub-accounts of the FIIs. Previously portfolio investment was governed under different laws i.e. the SEBI (Foreign Institutional Investors) Regulations, 1995 ("FII Regulations") for FIIs and their subaccounts and SEBI circulars dated August 09, 2011 and January 13, 2012 governing QFIs, which are now repealed under the SEBI (Foreign Portfolio Investors) Regulations ("FPI Regulations") that

govern FPIs. SEBI has, thus, intended to simplify the overall operation of making foreign portfolio investments in India.

Environmental Laws

The business of the Company is subject to various environment laws and regulations. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which the Company operates. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities.

The operations of the Company require various environmental and other permits covering, among other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. Major environmental laws applicable to the business operations include:

The Environment (Protection) Act, 1986, as amended (the “EPA”)

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the GoI with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, inter alia, laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to ₹ 100,000 or imprisonment of up to five years, or both. The imprisonment can extend up to seven years if the violation of the EPA continues.

There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

The Water (Prevention and Control of Pollution) Act, 1974, as amended (the “Water Act”)

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines or imprisonment or both.

The Central Pollution Control Board has powers, inter alia, to specify and modify standards for streams and wells, while the State Pollution Control Boards have powers, inter alia, to inspect any sewage or trade effluents, and to review plans, specifications or other data relating to plants set up for treatment of water, to evolve efficient methods of disposal of sewage and trade effluents on land, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry likely to pollute a stream or a well, to specify standards for treatment of sewage and trade effluents, to specify effluent standards to be complied with by persons while causing discharge of sewage, to obtain information from any industry and to take emergency measures in case of pollution of any stream or well. A central water laboratory and a state water laboratory have been established under the Water Act.

The Air (Prevention and Control of Pollution) Act, 1981, as amended (the “Air Act”)

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant

consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board.

The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate. If an area is declared by the State Government to be an air pollution control area, then, no industrial plant may be operated in that area without the prior consent of the State Pollution Control Board.

Hazardous Waste (Management and Handling) Rules, 1989 (“Hazardous Waste Act”)

The Company being an industrial establishment is responsible for safe and environmentally sound handling of hazardous waste generated in the establishment. As per the Hazardous Waste Act, environmentally sound management of hazardous wastes means taking all steps required to ensure that the hazardous wastes are managed in a manner, which shall protect health and the environment against the adverse effects, which may result from such waste.

Every person who is engaged in generation, processing, treatment, package, storage, transportation, use, collection or the like of the hazardous waste shall require to obtain an authorization from the State Pollution Control Board. The State Pollution Control Board is required to grant consent within a period of 120 days from the receipt of an application.

The penalties for the failure to comply with the provisions of the Hazardous Waste Act shall be a financial penalty as deemed appropriate by the State Pollution Control Board.

State Fire Safety Act

The Fire safety Acts have been enacted by each state separately, which is applicable to the Establishment which is likely to cause a risk of fire falling within the jurisdiction of that particular state. Under the Acts, every factory is required to obtain a ‘No Objection Certificate’ from the Fire Service Department for establishment and running of the factory. The said certificate is valid for a period of one year from the date of its issue.

The penalties for the failure to comply with the provisions of the Fire Safety Act shall be levied on every person in-charge of and was responsible to the Company for the conduct of the business of the Company as well as the Company be guilty of the offence and shall be proceeded against and punished accordingly.

Laws relating to Employment

As part of business of the Company it is required to comply from time to time with certain laws in relation to the employment of labour. A brief description of certain labour legislations which are applicable to the Company is set forth below:

Factories Act, 1948, as amended (the “Factories Act”)

The Factories Act defines a ‘factory’ to be any premises including the precincts thereof, on which on any day in the previous 12 months, 10 or more workers are or were working and in which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or where at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the ‘occupier’ of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and

supervision to ensure workers' health and safety, cleanliness and safe working conditions. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment or with a fine or with both.

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952, as amended (the "EPF Act")

The EPF Act applies to factories employing over 20 employees and such other establishments and industrial undertakings as notified by the GoI from time to time. It requires all such establishments to be registered with the State provident fund commissioner and requires such employers and their employees to contribute in equal proportion to the employees' provident fund the prescribed percentage of basic wages and dearness and other allowances payable to employees. The EPF Act also requires the employer to maintain registers and submit a monthly return to the State provident fund commissioner.

Employees State Insurance Act, 1948, as amended (the "ESIC Act")

The ESI Act, provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Payment of Gratuity Act, 1972, as amended (the "Gratuity Act")

The Gratuity Act establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more employees are employed or were employed on any day of the preceding twelve months, as notified by the Central Government from time to time. Penalties are prescribed for non-compliance with statutory provisions.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease.

However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed ₹ 1 million.

Minimum Wages Act, 1948, as amended (the "MWA")

The MWA provides a framework for State governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.

Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to ₹ 500 or both.

Industrial Disputes Act, 1947, as amended (the "ID Act")

The ID Act provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen.

Payment of Bonus Act, 1965, as amended (the “PoB Act”)

The PoB Act provides for payment of minimum bonus to factory employees and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due.

Contract Labour (Regulation and Abolition) Act, 1970, as amended (the “CLRA Act”)

In respect of each of its facilities, the Company uses the services of certain licensed contractors who in turn employ contract labour whose number exceeds 20 in respect of each facility. Accordingly, the Company is regulated by the provisions of the CLRA Act which requires the Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labour. The CLRA Act requires the principal employer of an establishment to which the CLRA Act applies to make an application to the concerned officer for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment.

Likewise, every contractor to whom the CLRA Act applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. The CLRA Act imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA Act.

The Explosives Act, 1884 and the rules framed thereunder

This Act extends to the whole of India and regulates the manufacture, possession, use, sale, transport, import and export of explosives. It stipulates that no person shall import, export, transport, manufacture, possess, use or sell any explosive which is not an authorized explosive. The Act also prescribes safety standards and qualifications required in order to obtain a license for the manufacture, use, possession, sale etc., of explosives.

Legal Metrology Act, 2009 and enforcement Rules framed thereunder

This Act extends to the whole of India and provides for establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. As per the enforcement Rules, every user/ consumer of weight or measures shall check the accuracy of a weighing instrument used by them and also keep duly verified stamped weights equal to one-tenth of the capacity of the instrument. The user himself can get the Weights & Measures verified & stamped from the legal metrology officer of concerned District. The Inspectors within the local limits of their jurisdiction inspect and test at all reasonable times any weight or measure, which are in possession, custody or control of any person, or in any premises whether such weight or measure is in conformity with the standards established by or under this Act.

Fiscal Regulations***Foreign Trade (Development and Regulation) Act, 1992 (“FTA”)***

FTA seeks to increase foreign trade by regulating the imports and exports to and from India. FTA read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

Foreign Trade Policy

Under the FTA, the Central Government is empowered to periodically formulate the Export Import Policy (“**EXIM Policy**”) and amend it thereafter whenever it deems fit. All exports and imports have to be in compliance with such EXIM Policy. The current EXIM Policy covers the period from 2009-2014.

The Duty exemption Scheme enables duty free imports of inputs required for production of export products by obtaining Advance license (AL).

The Duty Remission Scheme enables post export replenishment/ remission of duty on inputs used in the export product. This scheme consists of Duty Free Remission Certificate (DFRC) and Duty Entitlement Pass Book (DEPB).

While DFRC enables duty free replenishment of inputs used for manufacturing of export products, under DEPB Scheme, exporters on the basis of notified entitled rates are granted duty credit, which would entitle them to import goods except Capital Goods, without duty. The current DEPB rates for saleable products to be manufactured by us are ranging from 2% to 6%.

The imports of inputs under AL and DFRC for the products exported by the company are subject to Input and Output norms as prescribed in EXIM Policy.

EPCG Scheme allows imports of capital goods at 0% duty subject to export obligation which is linked to the amount of duty saved at the time of import of such capital Goods as per the provisions of EXIM Policy.

Excise Regulations

The Central Excise Act, 1944 seeks to impose an excise duty on excisable goods which are produced or manufactured in India. The rate at which the said duty is sought to be imposed is contained in the Central Excise Tariff Act, 1985. However, the Government has the power to exempt certain specified goods from excise duty, by notification.

Customs Regulations

All imports in the country are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Government has the power to exempt certain specified goods from excise duty, by notification.

Central Sales Tax Act, 1956 (“Central Sales Tax Act”)

The Central Sales Tax Act formulates principles for determining (a) when a sale or purchase takes place in the course of inter-state trade or commerce; (b) when a sale or purchase takes place outside a State and (c) when a sale or purchase takes place in the course of imports into or export from India. This Act provides for levy, collection and distribution of taxes on sales of goods in the course of inter-state trade or commerce and also declares certain goods to be of special importance in inter-State trade or commerce and specifies the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. Central Sales tax is levied on inter State sale of goods. Sale is considered to be inter-state when (a) sale occasions movement of goods from one State to another or (b) is effected by transfer of documents during their movement from one State to another.

A sale or purchase of goods shall be deemed to take place in the course of inter-state trade or commerce if the sale or purchase is affected by a transfer of documents of title to the goods during their movement from one state to another. When the goods are handed over to the carrier, he hands over a receipt to the seller. The seller sends the receipt to buyer. The buyer gets delivery of goods on submission of the receipt to the carrier at other end. The receipt of carrier is ‘document of title of goods’. Such document is usually

called Lorry Receipt (LR) in case of transport by Road or Air Way Bill (AWB) in case of transport by air. Though it is called Central Sales Tax Act, the tax collected under the Act in each State is kept by that State only. Central Sales Tax is payable in the State from which movement of goods commences (that is, from which goods are sold). The tax collected is retained by the State in which it is collected. The Central Sales Tax Act is administered by sales tax authorities of each State. The liability to pay tax is on the dealer, who may or may not collect it from the buyer.

Competition Act, 2002, as amended (the “Competition Act”)

The Competition Act prohibits anti competitive agreements, abuse of dominant positions by enterprises and regulates “combinations” in India. The Competition Act also established the Competition Commission of India (the “CCI”) as the authority mandated to implement the Competition Act. The provisions of the Competition Act relating to combinations were notified on March 4, 2011 and have come into effect on June 1, 2011. Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act. A combination is defined under Section 5 of the Competition Act as an acquisition, merger or amalgamation of enterprise(s) that meets certain asset or turnover thresholds. There are also different thresholds for those categorized as ‘Individuals’ and ‘Group’. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India. Effective June 1, 2011, all combinations have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or control of an enterprise under Section 5(a) and (b) of the Competition Act (including any binding document conveying an agreement or decision to acquire control, shares, voting rights or assets of an enterprise); or the board of directors of a company (or an equivalent authority in case of other entities) approving a proposal for a merger or amalgamation under Section 5(c) of the Competition Act. The obligation to notify a combination to the CCI falls upon the acquirer in case of an acquisition, and on all parties to the combination jointly in case of a merger or amalgamation.

Property related laws

The Company is required to comply with central and state laws in respect of property. Central Laws that may be applicable to our Company’s operations include the Land Acquisition Act, 1894, the Transfer of Property Act, 1882, Registration Act, 1908, Indian Stamp Act, 1899, and Indian Easements Act, 1882.

In addition, regulations relating to classification of land may be applicable. Usually, land is broadly classified under one or more categories such as residential, commercial or agricultural. Land classified under a specified category is permitted to be used only for such specified purpose. Where the land is originally classified as agricultural land, in order to use the land for any other purpose the classification of the land is required to be converted into commercial or industrial purpose, by making an application to the relevant municipal or town and country planning authorities. In addition, some State Governments have imposed various restrictions, which vary from state to state, on the transfer of property within such states.

Land use planning and its regulation including the formulation of regulations for building construction, form a vital part of the urban planning process. Various enactments, rules and regulations have been made by the Central Government, concerned State Governments and other authorized agencies and bodies such as the Ministry of Urban Development, State land development and/or planning boards, local municipal or village authorities, which deal with the acquisition, ownership, possession, development, zoning, planning of land and real estate.

Each state and city has its own set of laws, which govern planned development and rules for construction (such as floor area ratio or floor space index limits). The various authorities that govern building activities in states are the town and country planning department, municipal corporations and the urban arts commission.

Other regulations

In addition to the above, the Company is required to comply with the provisions of the Companies Act, and FEMA and other applicable statutes imposed by the Centre or the State for its day-to-day operations.

MANAGEMENT

Board of Directors

The Articles of Association of our Company provides that our Company shall have not less than three and not more than 15 Directors on our Board. Our Company currently has six Directors on our Board.

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

Name, Address, Occupation, Date of Appointment, Term and DIN	Nationality	Age (years)	Designation	Other directorships in Companies, partnerships etc
Mr. BO Jingen Address: No. 76, Gaopu Road, Tianhe District,, Guangzhou, 510520, China Occupation: Employed Date of Expiration of current term of office: February 26, 2017 DIN: 06617986	Chinese	34	Chairman and Managing Director	<i>Companies</i> NIL <i>Partnership/HUF</i> NIL
Mr. Xiaohui Wu Address: No. 25, Gaoan Road, Xuhui District, Shanghai, 200032, CHINA Occupation: Employed Date of Expiration of current term of office: February 26, 2017 DIN: 06617977	Chinese	36	Whole-time Director	<i>Companies</i> NIL <i>Partnership/HUF</i> NIL
Mr. Nurani Krishnan Ramaswamy Address: No.172, Tower-36, DLF Garden City, Thazambur, Chennai-600130, INDIA Occupation: Employed Date of Expiration of current term of office: November 12, 2020 DIN: 07339610	Indian	54	Whole-time Director	<i>Companies</i> NIL <i>Partnership/HUF</i> NIL
Mr. N Subramanian Address: Flat 1C Ramcons Rajam, No 90 Bazullah Road, T-nagar, chennai, 600017,	Indian	62	Non-executive Independent Director	1. IEC Fabchem Limited

Name, Address, Occupation, Date of Appointment, Term and DIN	Nationality	Age (years)	Designation	Other directorships in Companies, partnerships etc
Tamil Nadu				
Occupation: Chartered Accountant Date of Expiration of current term of office: May 15, 2019 DIN: 03602858				
Mr. Dilip Dinkar Kulkarni	Indian	66	Non-executive Independent Director	Companies NIL Partnership/HUF NIL
Address: Flat No. 203 Vihang Vihar, Panchpakhadi, Thane (W), Mumbai – 400602 Occupation: Management Consultant Date of Expiration of current term of office: August 27, 2020 DIN: 07272118				
Ms. Nilima Ramrao Shinde	Indian	55	Non-executive Independent Director	Companies NIL Partnership/HUF NIL
Address: A 101, Tiara, Ivory Estates, Baner Road, Pune 8. Occupation: Employed Date of Expiration of current term of office: The term will expire 5 years from the date of General meeting confirming the appointment DIN: 07646156				

Confirmations

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

None of the Directors is or was a director of any listed company, which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

Relationship between Directors

None of the other Directors are related to each other.

Brief Profile

Mr. BO Jingen, aged 34 years, is the ‘Chairman and Managing Director’ of our Company. He holds Master’s Degree in Polymer Science. He has been working for Kingfa Sci & Tech Co Ltd in Marketing and Sales for 7 years and he was nominated by the promoter of our company as Managing Director in the Company. He is presently in charge of overall operations of our Company.

Mr. Xiaohui Wu, aged 36 years, is the whole-time director of our Company. He holds Master’s Degree in Applied Chemistry. He has been working as Technical Engineer and became the Technical Manager of our promoter company’s Shanghai factory for 10 years as an automotive specialist. He was nominated by the promoter of our company as Whole-time Director who is presently in-charge of product development and sourcing for our Company.

Mr. Nurani Krishnan Ramaswamy, aged 54 years, holds a Bachelor degree in Polymer Science & Rubber Technology. He joined our Company as the Chief Executive Officer since May 04, 2009. Prior to joining our Company he was with SABIC Innovative Plastics (Earlier known as GE Plastics). He is responsible for new project implementation, overall operations and the strategic marketing of our company’s products. He has a total work experience of around 30 years.

Mr. N Subramanian, aged 62 years, is a Chartered Accountant by Profession having rich experience in Accounts, Finance, Audit, Taxation and Corporate law matters for over 20 years. He is currently a partner of Vivekandan & Associates. Prior to commencing practice independently, he has been working in Corporate Sector for 11 years.

Mr. Dilip Kulkarni, aged 66 years is Masters in Commerce (M.com) from Pune University. He has professional membership certificates of the Institute of Internal Auditors Inc., USA, and Institute of Management Consultants of India. He has over 37 years of experience in senior positions in Manufacturing and Consultancy services sector. He had been a guest faculty/speaker in Management Development Seminars/Conferences for many reputed organizations such as Onward Technologies Ltd., MTDC, Rotary (South Mumbai), N. M. University. He was a Director – designate with MVIRDC-World Trade Center, Mumbai.

Ms. Nilima Ramrao Shinde, aged 55 years, is non-executive and independent director of our Company. She holds an LLB degree from Symbiosis Society’s Law College Pune and has 26 years of experience in the Legal Field, with 7.5 years private practice experience and thereafter employed with Thyssen Kurpp, Bharat Forge Limited and Thermax Limited, where she was heading the Legal function, and managing a team of Lawyers.

Details of Service Contracts for providing benefits upon termination

Our Company has not entered into any service contracts with the present Board of Directors for providing benefits upon termination except for superannuation benefits which the whole-time directors may be entitled to.

Interest of the Directors

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

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

None of our Directors have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others other than Mr. BO Jingen, and Mr. Xiaohui Wu, who are nominated by our promoter shareholder Kingfa Sci & Tech Co., Ltd.

Except as stated in this section “Management” or the chapter titled “Related Party Transactions in Financial Information” on page 86 of this Draft Letter of Offer and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Arrangements and Understanding with Major Shareholders

None of our key management personnel have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of our Company, or others.

SECTION VI – FINANCIAL INFORMATION**AUDITOR’S REPORT
INDEPENDENT AUDITORS’ OPINION**

The Board Directors,
Kingfa Science & Technology (India) Limited
Dhun Building, III Floor,
827, Anna Salai, Chennai – 600 002.

Report on the Financial Statements

We have audited the attached Balance Sheet of Kingfa Science & Technology (India) Limited (“the Company”) as at September 30, 2016 and as at March 31, 2016 and the related Profit and Loss Account and Cash Flow Statement for six months period ended September 30, 2016 and the year ended March 31, 2016 along with the summary of significant accounting policies and other explanatory information. These financial information for the six months period ended September 30, 2016 and the year ended March 31, 2016 have been prepared in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended to date and in terms of our engagement letter dated 24.10.2016 in connection with the proposed rights issue of equity shares of the Company.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of

the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at September 30, 2016 and as at March 31, 2016, and its Profit and its Cash Flow for the six months period ended September 30, 2016 and the year ended March 31, 2016.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014; and
 - e. On the basis of written representations received from the directors as on September 30, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on September 30, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

for and on behalf of
P. Srinivasan & Co.,
Chartered Accountants
[Firm Registration No. 004054S]

Date : 24.10.2016
Place : Chennai

Sd/-
S. Gopalan
Partner
Membership No. 021007

ANNEXURE “A” TO THE REPORT OF THE AUDITORS

- i) **a)** The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b)** These fixed assets have been physically verified by the management at the end of the six months period ended September 30, 2016 and the year ended March 31, 2016 which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c)** According to the information and explanations given and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- ii) (a) As explained to us, inventories held by the Company were physically verified during the six months period ended September 30, 2016 and the year ended March 31, 2016, at reasonable intervals by the management.
- (b) In our opinion and according to the information and explanations given to us, the discrepancies noticed on physical verification of the inventories as compared to books records were not material and have been properly dealt with in the books of account.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under section 189 of the Act.
- iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- v) The Company has not accepted any deposits from the public during the six months period ended September 30, 2016 and the year ended March 31, 2016 to which the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are applicable.
- vi) The maintenance of cost records has not been prescribed by the Central Government under sub-section 1 of Section 148 of the Companies Act.
- vii) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and any other statutory dues applicable to it, with the appropriate authorities during the said six months period ended September 30, 2016 and the year ended March 31, 2016. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at September 30, 2016 and as at March 31, 2016 for a period of more than six months from the date on when they become payable.
- (b) there are no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute except the following pending in appeals (as on September 30, 2016):
- (i) Income tax of Rs.37.82 lakhs before the first appellate authority;
 - (ii) Customs duty of Rs.26.78 lakhs before the first appellate authority;
 - (iii) Sales tax of Rs.10.88 before the first appellate authority and
 - (iv) Central Excise and Service tax before the first appellate authority Rs.19.85 lakhs.

- viii) On the basis of records produced and in our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of the dues to bank. The Company has not availed borrowing facilities from financial institution, Government or dues to debenture holders.
- ix) The company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the six months ended September 30, 2016. However, the Company made rights issue during the financial period ended March 31, 2016 under audit. In our opinion and on the basis of the audit procedures performed and the information and explanations given by the management, the moneys raised by the Company through its rights offer were applied for the purposes for which those were raised.
- x) On the basis of the audit procedures carried out by us and information and explanations given by the management, we state that no material fraud on or by the Company has been noticed or reported during the course of our audit.
- xi) On the basis of the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- xii) In our opinion, the Company is not a Nidhi Company and therefore the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the said six months period ended September 30, 2016 and the year ended March 31, 2016 and under audit.
- xv) In our opinion, on the basis of the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For **P. SRINIVASAN & CO.**
Chartered Accountants
[Firm Registration No. 004054S]

Sd/-

S. Gopalan

Partner

Membership No. 021007

Date : 24.10.2016

Place : Chennai

ANNEXURE I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(₹ in Lacs)

	PARTICULARS	As at September 30, 2016	As at 31st March 2016
I	EQUITY AND LIABILITIES		
1	Shareholders' Funds		
	(a) Share capital	1,011.06	1,011.06
	(b) Reserves and Surplus	11,606.05	10,931.68
2	Non - Current Liabilities		
	(a) Long - term borrowings	1,599.79	1,591.87
	(b) Deferred Tax Liabilities (Net)	96.83	15.96
	(c) Other Long term liabilities	8.50	8.50
	(d) Long - term provisions	13.39	14.02
3	Current liabilities		
	(a) Trade payables	8,925.78	8,900.89
	(b) Other current liabilities	940.65	543.19
	(c) Short - term provisions	145.94	9.21
	TOTAL	24,347.99	23,026.38
II	ASSETS		
1	Non - current assets:		
	(a)Fixed Assets		
	(i) Tangible Assets	3,154.06	2,882.85
	(ii) Intangible Assets	0.30	1.28
	(iii) Capital work-in-progress	4,223.78	4,133.64
	(b) Long term loans and advances	277.26	215.18
2	Current assets		
	(b) Inventories	5,494.93	5,929.85
	(c) Trade Receivables	10,293.19	8,526.05
	(d) Cash and Cash equivalents	161.35	651.03
	(e) Short-term loans and advances	793.12	686.50
	TOTAL	24,347.99	23,026.38

ANNEXURE II

PROFIT AND LOSS ACCOUNT STATEMENT

(₹ in Lacs)

	PARTICULARS	Period ended 30 th September 2016	Year ended 31st March 2016
I	Revenue from operations (Gross)	22,662.17	35,599.51
	Less: Excise duty	2,651.44	4,182.70
	Revenue from operations (Net)	20,010.73	31,416.81
	Other Income	11.02	89.34
	Total revenue (I+II)	20,021.75	31,506.15
II	Expenses		
	Cost of Materials consumed	16,702.82	25,185.46
	Purchases of Stock- in-Trade	380.09	896.60
	Changes in Inventories of Finished Goods and Work-in-progress	(470.16)	(562.77)
	Employee benefits expense	588.73	935.05
	Finance Costs	130.10	720.98
	Depreciation and amortisation expense	161.82	293.93
	Other expenses	1,509.11	2,298.52
	Total Expenses	19,002.51	29,767.77
III	Profit/(Loss) before exceptional and extraordinary Items and tax (III- IV)	1,019.24	1,738.38
IV	Exceptional items	-	-
V	Profit/(Loss) before extraordinary Items and tax (V-VI)	1,019.24	1,738.38
VI	Extraordinary Items	-	-
VII	Profit/(Loss) before tax (VII-VIII)	1,019.24	1,738.38
VIII	Tax expenses		
	1.Current tax	264.00	201.11
	2.Deferred tax	80.87	457.32
		344.87	658.43
IX	Profit for the year (IX-X)	674.37	1,079.95

ANNEXURE III

STATEMENT OF CASH FLOW

(₹ in Lacs)

PARTICULARS	Period ended 30 th September 2016	Financial year ended 31st March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax and Extraordinary Items	1,019.24	1,738.38
Adjustment for		
Depreciation and amortisation expense	161.82	293.93
Finance costs paid	130.10	720.98
Loss on sale of fixed asset	5.15	-
Profit on sale of fixed assets	(5.01)	(3.28)
Interest received	(6.01)	(86.06)
Income Tax Paid	(100.00)	(175.00)
Operating Profit before Working Capital Changes	1,205.29	2,488.95
Adjustment for		
Trade and other payables	559.07	5,343.82
Trade and other receivables	(1,767.14)	(2,932.42)
Decrease in Inventories	434.92	-
Increase in Inventories	-	(2,732.33)
Short Term Loans & Advances	(106.61)	(165.04)
Long Term Loans & Advances	(12.08)	(82.17)
NET CASH FROM OPERATING ACTIVITIES (A)	313.45	1,920.81
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Disposal of fixed asset	21.66	10.46
Interest received	6.01	86.06
Acquisition of fixed assets	(699.43)	(4,756.19)
NET CASH FROM INVESTING ACTIVITIES (B)	(671.76)	(4,659.67)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Long Term Borrowings	(1.26)	82.05
Issue of Right Shares	-	9,999.08
Capital Subsidy	-	47.41
Short Term Borrowings & Finance costs paid	(130.10)	(6,755.47)
Hire Purchase Finance	-	(14.31)
NET CASH FROM FINANCING ACTIVITIES 'C'	(131.36)	3,358.76
Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(489.67)	619.90
CASH AND CASH EQUIVALENTS:		
Opening Balance in the beginning of the year	650.41	30.51
Closing Balance at the end of the year	160.74	650.41
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS	(489.67)	619.90

ANNEXURE IV(a)**NOTES FORMING PART OF FINANCIAL STATEMENTS****I. Statement of significant accounting policies****(i) Accounting Convention:**

The financial statements are prepared under historical cost convention on accrual basis of accounting to comply with the Accounting standards prescribed under section 133 and read with the relevant provisions of the Companies Act, 2013. All the assets and liabilities have been classified as current and non-current as per company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013.

(ii) Use of Estimates:

- a) In the preparation of financial statements, certain estimates and assumptions are made by the management to conform with the generally accepted accounting principles. The actual results could differ from these estimates.
- b) The Trade receivables outstanding are reviewed as to their prevailing status of ageing and probability of recovery and necessary provision for receivables doubtful of recovery is made based on their ageing.
- c) The items of inventories remaining dormant for more than one year are considered as 'non-moving inventories' and due allowance is made for the same against the closing inventories.

(iii) Provisions and Contingencies:**Contingent liability:**

Contingent liabilities are disclosed when there is a possible obligation arising from past events the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the company or an obligation that arises from the past event, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Provisions:

Provisions are recognized where there is present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of expenditure required to settle the present obligation at the balance sheet date and are not discounted for their present value

(iv) Revenue Recognition :

Revenue is recognised as under:

- a) Sales of products: On despatch of the product to the customer which generally coincides with transfer of ownership. Sales are inclusive of excise duty and net of discounts.
- b) Sale of services represents commission accrued on orders booked with principals and executed.
- c) Interest: On a time proportion basis taking into account the amount outstanding and the rate applicable.
- d) Dividends: When the Company's right to receive payment is established.

(v) Fixed Assets :

- a) Fixed assets are capitalised at the acquisition cost (viz.) purchase price, import duties, levies and expenses and costs directly attributable for bringing the assets to their working condition for intended use.

- b) Capital work-in-progress represents expenditure incurred for new projects/capex under implementation. Resultant expenditure (including borrowing costs, if any) incurred for these projects up to the date of commencement of commercial production have been considered as part of the project cost.

(vi) Depreciation and amortisation expenses:

On fixed assets except freehold lands at the rates and in the manner specified in Part "C" of Schedule II of the Companies Act, 2013 as under:

- a) Straight line method on buildings, plant and machinery, electrical installations and intangible assets and
- b) W.D.V. method on other assets having regard to the expected useful life residual value commencing from the date the asset is available for use.

Premium on leasehold land is amortised over the period of lease.

Assets individually costing Rs.5000/- or less are fully depreciated.

(vii) Borrowing Costs :

The borrowing costs incurred on loans taken for acquisition of qualifying assets are capitalised up to the date of commencement of commercial production/till the asset is ready for its intended use.

(viii) Inventories :

Inventories as taken and certified by the Management are valued at "lower of cost and estimated net realizable value" using the following cost formulae:

- a) Raw materials and packing materials: Weighted Average Cost
- b) Store and Spares Parts: At cost
- c) Materials in Bond: At cost (exclusive of customs duty)
- d) Finished goods and Work-In-Progress: Material cost plus appropriate share of production overheads
- e) Finished goods are inclusive of applicable excise duty

(ix) Research and Development :

Revenue expenditure pertaining to Research and Development is expensed. Capital expenditure is treated as forming part of fixed assets.

(x) Foreign Currency Transactions :

Foreign currency transactions are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency are translated at year - end rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense.

In respect of liability relating to acquisition of fixed assets loss/gain, if any, arising out of such conversion, is adjusted to the cost of the fixed assets. Depreciation on the revised unamortised depreciable amount is provided prospectively in accordance with Schedule II of the Companies Act, 2013.

(xi) Accounting for Taxes :

Tax expense charged to the profit and loss account comprises current tax and deferred tax. Provision for current tax is made on a yearly basis, under the tax payable method after taking into consideration credit for allowances, deductions and exemptions and considering Minimum Alternate Tax, as applicable.

The deferred tax is recognised for all temporary differences at currently available tax rates.

Deferred tax assets are recognised subject to the consideration of prudence. Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the balance sheet

date.

(xii) Segment Reporting :

The company has identified Reinforced Polypropylene as the only reportable business segment.

(xiii) Employee Benefit : As per AS 15

The Company has adopted "Employee Benefits" as per AS 15.

(xiv) Related party disclosures:

The related party relationships and / or transactions with them have been identified in accordance with Accounting Standard (AS 18)

(xv) Impairment of Assets:

The company determines whether there is any indication of impairment of the carrying amount of its assets. The recoverable amount of such assets are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. An impairment loss is recognised in the statement of profit and loss to the extent the carrying amount exceeds the recoverable amount.

(xvi) Earnings per share :

The Paid up share capital of the company consists only of equity shares. The basic and diluted earnings per equity share are disclosed.

ANNEXURE IV(b)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Share capital

	(₹ in Lacs)	
	As at 30th September 2016	As at 31st March 2016
Authorised		
18,000,000 Equity Shares of Rs.10/- each	1,800.00	1,800.00
300,000 16% Cumulative Redeemable Preference shares of Rs.100/- each	300.00	300.00
	2,100.00	2,100.00
Issued		
1,01,15,468 Equity Shares of Rs.10/- each fully paid up	<u>1,011.55</u>	<u>1,011.55</u>
Subscribed and paid up		
1,01,10,568 Equity Shares of Rs.10/- each fully paid up	1,011.06	1,011.06

- i) The company is authorized to issue Equity and 16% Cumulative Redeemable Preference shares. However the company has One class of equity having a par value of Rs.10 each. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of directors is subject to approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive remaining assets of the company after distribution of all preferential amounts, in proportion of their shareholding.
- ii) 7582340 equity shares are held by the holding company, M/s. Kingfa Sci. & Tech. Co. Ltd., China in the paid upshare capital of the company.

iii) Details of shares held by shareholders holding more than 5% of the shares in the company :

Name of the shareholder	As at 30th September 2016		As at 31st March 2016	
	Nos.	% of Holding	Nos.	% of Holding
M/s. Kingfa Sci. & Tech . Co. Ltd. China	7,582,340	74.99	7,582,340	74.99
M/s. Hongkong Victory Investment Co., Limited, Hongkong	637,458	6.30	690,298	6.83

iv) The company had issued 3703364 Equity Shares of Rs.10 each at a Premium of Rs.260 each through Right Issue during the financial year 2015-16.

v) Reconciliation of numbers of Equity Shares

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Opening Balance of Shares	10,110,568	6,407,204
Add: Right Issue of Shares made during the year	-	3,703,364
Closing Balance of Shares	10,110,568	10,110,568

NOTE 2 - Reserve & Surplus

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
a) Capital Reserve:		
Opening Balance	67.18	19.77
Add: Capital Subsidy received from Maharashtra Govt.	-	47.41
	67.18	67.18
b) Capital Reserve:		
As per last Balance Sheet	87.09	87.09
c) Securities Premium Account:		
Opening Balance	10,145.23	516.48
Add: Capital Subsidy received from Maharashtra Govt.	-	9,628.75
	10,145.23	10,145.23
d) General Reserve:		
As per last Balance Sheet	1,122.76	1,122.76
Transfer from Special General Reserve	-	0.00
	1,122.76	1,122.76
e) Surplus/(Deficit):		
Opening Balance	(490.58)	(1,570.53)
Profit/(Loss) for the year	674.37	1,079.95
Closing Balance	183.79	(490.58)
Total	11,606.05	10,931.68

NOTE 3 - Long Term Borrowings

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Loan from Related Party (Promoter) under ECB Scheme (Unsecured)	1,599.79	1,591.87
Total	1,599.79	1,591.87

i) The Loan under ECB Scheme is repayable after 7 ½ years from loan taken.

NOTE 4 : DEFERRED TAX LIABILITIES (NET)

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
a) Deferred Tax Liabilities		
Depreciation on fixed assets	400.00	389.53
b) Deferred Tax Assets		
Unabsorbed Depreciation /Losses	-	121.13
Others: Employee benefit expenses, MAT credit etc.	303.17	252.44
Sub Total	303.17	373.57
NET	96.83	15.96

NOTE 5 - Other Long Term Liabilities

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Earnest Money Deposits	8.50	8.50
TOTAL	8.50	8.50

NOTE 6- Long Term Provision

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Employee benefits	13.39	14.02
TOTAL	13.39	14.02

NOTE 7- Trade Payables

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Trade Payables	8,925.78	8,900.89
TOTAL	8,925.78	8,900.89

In the absence of information from the suppliers with regard to their registration with the specified authority, despite the company calling for such information through a circular letter, the additional disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 is not furnished.

NOTE 8 - Other Current Liabilities

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
a) Interest accrued but not due on borrowings	14.44	14.44
b) Interest accrued and due on borrowings	84.21	51.35
c) Unpaid Dividends	0.61	0.61
d) Statutory dues	218.25	163.05
e) Payable for capital goods	16.59	11.88
f) Other Liabilities (including employee benefit expenses)	606.55	301.86
TOTAL	940.65	543.19

NOTE 9 - Short term provisions

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Employee Benefit expenses & Income Tax etc.	145.94	9.21
TOTAL	145.94	9.21

NOTE 10 - Fixed Assets

DESCRIPTION OF ASSET	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2016	Additions	Deletions/ Adujustments	As at 30.09.2016	Upto 01.04.2016	For the period	On Withdrawals	Upto 30.09.2016	As at 30.09.2016	As at 31.03.2016
(a)Tangible Assets										
Land - Freehold	31.62	-	-	31.62	-	-	-	-	31.62	31.62
Lease hold	53.85	-	-	53.85	3.82	0.29	-	4.11	49.74	50.03
Buildings	1,238.04	-	-	1,238.04	435.91	22.94	-	458.85	779.19	802.13
Plant and Equipments	4,138.54	442.39	36.50	4,544.43	2,168.09	122.52	15.64	2,274.97	2,269.46	1,970.45
Furniture and Fixtures	93.21	0.25	1.48	91.98	87.52	3.67	1.14	90.05	1.93	5.69
Vehicles	94.22	-	-	94.22	73.75	6.18	-	79.93	14.29	20.47
Office equipments	80.49	1.14	3.29	78.34	79.15	0.59	2.70	77.04	1.30	1.34
Computer systems	101.20	9.59	-	110.79	100.08	4.18	-	104.26	6.53	1.12
Total	5,831.17	453.37	41.27	6,243.27	2,948.32	160.37	19.48	3,089.21	3,154.06	2,882.85
(b) Intangible Assets										
Computer Software	90.67	0.46	-	91.13	89.39	1.45	-	90.83	0.30	1.28
Total	90.67	0.46	-	91.13	89.39	1.45	-	90.83	0.30	1.28
(c) Capital work-in-progress	4,133.63	90.15	-	4,223.78	-	-	-	-	4,223.78	4,133.64
Grand Total	10,055.47	543.98	41.27	10,558.18	3,037.71	161.82	19.48	3,180.04	7,378.14	7,017.78
Previous Year Total	5,304.77	4,761.17	10.46	10,055.48	2,751.23	293.93	7.45	3,037.70	7,017.78	2,553.55

Note: Capital Work In Progress includes Rs.23.25 lacs being the lease amount paid to WBIDC for the lease hold land at Singhur. The possible consequential impact on the valuation of the asset is yet to quantified

NOTE 11 - Long term loans and advances - (unsecured and considered good)

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
a) Security Deposits	226.43	214.35
b) Others	0.83	0.83
TOTAL	227.26	215.18

NOTE 12 - Inventories

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Raw & Packing Materials	3,183.12	2,529.75
Raw Materials in Transit	44.15	933.72
Materials in Bond	-	561.19
Work-In-Progress	325.04	338.14
Finished Goods	1,737.70	1,237.80
Stock - in - Trade	89.95	246.56
Stores and Spares	114.97	82.69
TOTAL	5,494.93	5,929.85

For mode of valuation refer Notes forming Part of Financial Statements I (viii)

NOTE 13 - Trade Receivables (Unsecured)

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
a) Outstanding for a period exceeding six months from the date due for payment		
Considered good	132.97	255.68
Considered doubtful	73.87	56.27
	206.84	311.95
Less: Provision for doubtful debts	73.87	56.27
Subtotal	132.97	255.68
b) Outstanding for a period of less than six months from the date due for payment		
Considered good	10,160.22	8,270.37
Considered doubtful	102.63	85.25
	10,262.85	8,355.62
Less: Provision for doubtful debts	102.63	85.25
Subtotal	10,160.22	8,270.37
TOTAL	10,293.19	8,526.05

NOTE 14 - Cash and Cash equivalents :

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
(i) Cash and Cash equivalents		
a) Balances with Banks*	156.31	647.71
b) Cash on hand	4.43	2.71
Subtotal	160.74	650.41
(ii) Other Bank Balances		
a) Unpaid Dividend accounts	0.61	0.61
Subtotal	0.61	0.61
TOTAL	161.35	651.03

* Balances with Banks includes Fixed Deposits of Rs.Nil (Rs.412.50 Lacs) for Short term period.

NOTE 15 - Short-term loans and advances (unsecured considered good)

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Balance with Central Excise department etc.,	646.45	540.26
Advance Tax (Net of provisions)	-	26.66
Others - Prepaid exp, Claims receivable etc.	146.67	119.58
TOTAL	793.12	686.50

NOTE 16 - Revenue from Operations

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
(a) Sale of Products	22,662.17	35,550.07
(b) Sale of services*	-	49.44
TOTAL	22,662.17	35,599.51

* Sale of Services includes non competition fee received Rs.Nil (Rs.37.50 Lacs)

NOTE 17 - Other Income

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
a) Interest Income	6.01	86.06
b) Profit on sale of fixed assets	5.01	3.28
TOTAL	11.02	89.34

NOTE 18 - Cost of Material Consumed

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Inventory at the beginning of the Year	4,024.66	1,726.88
Add: Purchases	15,905.43	27,483.24
	19,930.09	29,210.12
Inventory at the end of the year	3,227.27	4,024.66
Cost of Raw Materials consumed	16,702.82	25,185.46
Imported and indigenous Raw Materials Consumed :		
Imported	6,093.45	10,237.89
Indigenous	10,609.37	14,947.57
Total	16,702.82	25,185.46
Details of Raw Materials consumed :		
Polymers	11,646.85	17,492.21
Others	5,055.97	7,693.25
Total	16,702.82	25,185.46

NOTE 19 - Purchase of Stock- in -trade

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Polymers	380.09	896.60
TOTAL	380.09	896.60

NOTE 20 - Changes in Inventories of Finished Goods and Work - in - Progress

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Opening Stock :		
Finished Goods	1,237.80	917.38
Work - in - Progress	338.14	89.06
Subtotal	1,575.94	1,006.44
Closing Stock :		

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Finished Goods	1,737.70	1,237.80
Work - in - Progress	325.04	338.14
Subtotal	2,062.74	1,575.94
Changes in Inventories	(486.80)	(569.50)
Add: Variation in Excise duty on Opening and Closing Stock of Finished Goods	16.64	6.73
TOTAL	(470.16)	(562.77)

NOTE 21 - Employee benefits expense (Refer also note no:26)

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Salaries and Wages	537.79	836.26
Contributions to :		
Provident, ESI, Super annuation and Gratuity funds	31.23	48.39
Staff Welfare Expenses	51.74	110.73
Subtotal	620.76	995.38
Less: Considered in Research and Development Expenses	32.03	60.33
TOTAL	588.73	935.05

NOTE 22 - Finance costs

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Interest expense	79.95	387.93
Other borrowing costs	4.74	5.38
Net Loss in foreign currency transactions / translation	45.41	327.67
TOTAL	130.10	720.98

NOTE 23 - Other Expenses

(₹ in Lacs)

Particulars	Period ended 30.09.2016		Year ended 31.03.2016	
Consumption of stores and spare parts*		49.01		77.92
Power and fuel	384.17		557.09	
Less: Considered in Research and Development Expenses	7.85	376.32	14.34	542.75
Rent		69.53		107.56
Insurance		16.72		32.41
Repairs and Maintenance				
-Buildings		0.91		4.50
-Plant and Machinery		16.00		27.25
-Other assets		35.03		43.56
Rates and Taxes		18.06		21.89
Travelling and Conveyance		134.31		238.95
Professional & Consultancy Charges		25.01		43.89
Freight Outwards		484.53		694.86
Research and Development		107.77		176.64
Loss on sale / discard of fixed assets		5.15		-
Miscellaneous Expenses		170.76		286.34
Total		1,509.11		2,298.52

* Consumption of stores and spare parts	%		%	
Imported	3.78	1.85	3.52	2.74
Indigenous	96.22	47.16	96.48	75.18
	100.00	49.01	100.00	77.92

NOTE 24 - Contingent Liabilities not provided for

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
a) Letters of credit	1,340.08	1,087.92
b) Letters of guarantee	51.99	49.99
c) Commitment on capital accounts	572.49	86.84
d) Customs duty on materials-in-bond	-	22.43
e) Custom duty disputed in appeals	26.78	26.78
f) Income Tax disputed in appeals	37.82	37.82
g) Sales Tax disputed in appeals	10.88	56.87
h) Excise duty & Service Tax disputed in appeals	19.85	19.85
TOTAL	2,059.89	1,388.50

The future cashflows on the above items from (e) to (h) are determinable only on receipt of the decisions /judgments that are pending at various forums /authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

NOTE 25 - Remuneration to Auditors (included under Miscellaneous Expenses)

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
a) Statutory Audit	1.25	1.75
b) Certification and taxation matters	0.75	0.50
c) Tax Audit	0.40	0.75
TOTAL	2.40	3.00

NOTE 26- Disclosure relating to Employee Benefits under Accounting Standard 15:

(₹ in Lacs)

PARTICULARS	Gratuity		Leave Encashment	
	As at 30th September 2016	As at 31st March 2016	As at 30th September 2016	As at 31st March 2016
a) Reconciliation of present value of obligations				
Present value of the obligation as at the beginning of the period	69.76	59.18	21.86	19.76
Interest Cost	3.12	4.44	1.75	1.58
Current Service Cost	4.88	7.57	0.55	1.05
Benefits Paid	1.02	3.61	0.30	0.61
Actuarial (Gain)/Loss on obligation	1.68	2.17	0.06	0.07
Present value of the obligation as at the end of the period	78.43	69.76	23.92	21.86
b) Fund movements				
Fair value of plan assets as at the beginning of the period	83.00	66.20	25.27	22.07
Expected return on plan assets	2.08	5.47	0.78	1.88
Contributions	7.85	14.94	0.97	1.93
Benefits Paid	1.80	3.61	0.30	0.61
Actuarial Gain/(Loss) on planned assets	-	-	-	-
Fair value of plan assets as at the end of the	91.12	83.00	26.72	25.27

PARTICULARS	Gratuity		Leave Encashment	
	As at 30th September 2016	As at 31st March 2016	As at 30th September 2016	As at 31st March 2016
period				
c) Amounts recognised in Balance Sheet				
Present value of the obligation at the end of the period	78.43	69.76	23.92	21.86
Fair value of the Plan Assets	91.12	83.00	26.72	25.27
Funded status of the plan - assets	12.69	13.24	2.80	3.41
Net Asset recognised in the Balance Sheet	12.69	13.24	2.80	3.41
d) Cost for the period recognised in the P&L a/c				
Current Service Cost	4.88	7.57	0.55	1.05
Interest Cost	3.12	4.44	1.75	1.58
Expected return on plan assets	2.08	5.47	0.78	1.88
Net actuarial loss recognised in the period	1.68	2.17	0.06	0.07
(Income)/Expense recognised in the statement of profit and loss for the period/year	7.61	8.71	1.58	0.83
e) Actuarial assumptions				
Discount rate	8.00%	8.00%	8.00%	8.00%
Salary escalation	5.00%	5.00%	5.00%	5.00%
Rate of Return on Plan Assets	8.50%	8.50%	8.50%	8.50%
Resignations Rate (Per Annum	2.50%	2.50%	2.50%	2.50%
Income / Expenses Recognised as per AS 15	(0.24)	(6.23)	0.61	(1.11)
f) General description of Employee Benefits :				
(i) Short term Employee Benefits				
The employee benefits payable wholly within 12 months of rendering the service are classified as short term benefits. Benefits such as salaries, wages, short term compensated absences and the expected cost of bonus and ex-gratia are recognised at the undiscounted amount in the year in which the employee renders the related service.				
(ii) Post Employment Benefits				
(a) Provident fund is a defined contribution plan and contributions made to the fund in accordance with the applicable rules/statutes are expensed.				
(b) The Employees Group Gratuity Scheme is a defined benefit plan which is funded with the Life Insurance Corporation of India and the annual contribution to the fund actuarially assessed by them is expensed.				
(c) Superannuation is a defined contribution plan. The contributions in accordance with the company's scheme made to the fund administered by the Life Insurance Corporation of India are expensed.				
(d) The Employee Group Gratuity Fund and the Employee Superannuation Fund respectively have been constituted through Kingfa Science & Technology (India) Limited Employees Group Gratuity Trust and Kingfa Science & Technology (India) Limited Employee Superannuation Trust in which one of the Company's director is a Trustee.				
(e) Leave encashment is provided as per the Company's policies and is expensed as under :				
1. The leave accumulation upto 60 days is funded through a policy with LIC of India.				
2. The encashment of leave accumulated beyond 60 days is borne by the company.				
3. Any difference arising out of actuarial valuation is expensed.				

27. Related Parties Disclosures :**For the Period Ended 30th September 2016****(i) Related parties : Names and Descriptions**

<u>Names & Descriptions</u>			
Key Management Personnel	Holding Company	Associates	Others
Mr. Bo Jingen	M/s Kingfa Sci. & Tech. Co., Ltd., China	M/s Shanghai Kingfa Sci And Tech Co Ltd	NIL
Mr. Wu Xiaohui		M/s Jiangsu Kingfa Sci.&Tech.Advanced Material Co.,Ltd	
Mr. N K Ramaswamy		M/s Hongkong Kingfa Development Co., Ltd	
		M/s. Tianjin Kingfa Advanced Materials Co., Ltd	

(ii) Related Party Transactions :

<u>Description</u>	<u>Key Management Personnel</u>	<u>Holding Company</u>	<u>Associates</u>	<u>Others</u>
Interest	-	32.26	-	-
Purchase of Materials	-	604.16	208.58	-
Sale of Materials	-	15.93	38.12	-
Remuneration	47.74	-	-	-
Outstanding to, as at 30.09.2016	-	3,037.46*	2,233.11	-

* The amount does not include the unsecured external commercial borrowing of Rs. 1599.79 Lacs

For the Year Ended 31st March 2016**(i) Related parties : Names and Descriptions**

<u>Names & Descriptions</u>			
Key Management Personnel	Holding Company	Associates	Others
Mr. Nie Delin	M/s Kingfa Sci. & Tech. Co., Ltd., China	M/s Shanghai Kingfa Sci And Tech Co Ltd	NIL
Mr. Bo Jingen		M/s Jiangsu Kingfa Sci.&Tech.Advanced Material Co.,Ltd	
Mr. Wu Xiaohui		M/s Hongkong Kingfa Development Co., Ltd	
Mr. N K Ramaswamy		M/s. Tianjin Kingfa Advanced Materials Co., Ltd	

(ii) Related Party Transactions :

<u>Description</u>	<u>Key Management Personnel</u>	<u>Holding Company</u>	<u>Associates</u>	<u>Others</u>
Interest	-	58.95	-	-
Purchase of Materials	-	1,397.96	1,843.93	-
Sale of Materials	-	0.53	15.60	-
Remuneration	44.29	-	-	-
Outstanding to, as at 30.03.2016	-	2,665.28 *	2,800.36	-

* The amount does not include the unsecured external commercial borrowing of Rs. 1591.87 Lacs

NOTE 28 - C I F Value of Imports

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Raw materials	6,217.22	10,284.11
Capital goods & Spares	89.44	187.09
Trading Materials	200.06	693.76
TOTAL	6,506.72	11,164.96

NOTE 29 - Expenditure in Foreign Currency during the year

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Travelling expenses	11.14	20.15
Testing charges	13.09	-
Interest paid to Banks	1.89	9.84
TOTAL	26.12	29.99

NOTE 30 - Earnings in Foreign Currency

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
FOB value of goods exported	50.99	25.06
Commission received	-	49.44
TOTAL	50.99	74.50

NOTE 31 - Earnings Per Share

(₹ in Lacs)

PARTICULARS	As at 30th September 2016	As at 31st March 2016
Nominal Value of Equity share (Rs.)	10.00	10.00
Net profit after Taxes (Rs.) *	674.37	1,079.95
Weighted average number of shares (Nos.) **	10,110,568	7,969,719
Basic and diluted earnings per share (Rs.)	6.67	13.55

* Numerator ** Denominator

NOTE 32 –

There being no indication of impairment of fixed assets determined by the Company, no loss has been recognized on impairment of assets.

NOTE 33 –

Figures for the current period relates to 6 months for the period ended 30.09.2016. Previous year's figures (including those given within bracket) relates to 12 months and have been regrouped/ reclassified wherever necessary to correspond to the current period's classification/ disclosure and are therefore not comparable with the current period. Figures in the financial statements have been shown as Rs.in lacs except per share data.

Annexure V - Summary of Accounting Ratios

(₹ in Lacs)

Particulars	30th September 2016	31st March 2016
1. Net Profit Attributable to Equity Shareholders	674.37	1,079.95
Earnings Per Share (EPS) (Rs.) a/b	6.67	13.55
Return on Net Worth (%) (a/g %)	5.34%	9.04%
Weighted Average No. of Equity Shares	101,10,568	79,69,719
No. of Equity Shares outstanding	101,10,568	79,69,719
Paid up value of share	10	10
Note:		

Particulars	30th September 2016	31st March 2016
Net Profit after tax adjustments (a)	674.37	1,079.95
Weighted Average No. of Equity Shares (b)	101,10,568	79,69,719
Total No.of Equity Shares for calculating Diluted EPS(d)	101,10,568	79,69,719
No. of Equity Shares at the end of the year/period €	101,10,568	101,10,568
Net Worth (g)	12,617.11	11,942.74
Net Asset Value per Share (g/b)	124.79	118.12

2. Formula:

- **Earnings Per Share (₹):** Net profit / (loss) after tax attributable to equity shareholders divided by total weighted average number of equity shares outstanding at the end of the period.
- **Net Asset Value Per Share (₹):** Net worth at the end of the year/period divided by Total number of weighted average equity share outstanding at the end of the year/ period.
- **Return on Net Worth (%):** Net profit/ (loss) after tax attributable to equity shareholders divided by Net worth at the end of the year/period.
- **Net Asset Value:** Equity Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off/ total no.of equity shares outstanding at end of each year/ period.

3. Earnings per share (EPS) calculation is in accordance with the notified Accounting Standard 20 'Earnings per Share' prescribed by the Companies(Accounting Standards) Rules, 2006

Annexure VI - Statement of Capitalisation

(₹ in Lacs)

Particulars	Pre-issue as at 30-Sep-16	As adjusted for Issue*
Debts		* To be updated at the time of filing of Letter of Offer
Long Term Debt	1,599.79	
Short Term Debt	-	
Total Debt	1,599.79	
Equity (shareholder's funds)		
Equity Share Capital	1,011.06	
Reserves and Surplus	11,606.05	
Total Equity	12,617.11	
Total Capitalization		
Long Term Debts/ Equity Ratio (x)	0.13	
Total Debt/ Equity Ratio (x)	0.13	
* To be updated at the time of filing of Letter of Offer		

Annexure VII - Statement of Tax Shelter

(₹ in Lacs)

Particulars	30th September 2016	31st March 2016
A. Computation of Total Income under Regular provisions of the Act		
1. Business income		
Net profit as per profit and loss account	1,019.24	1,738.38
less: Dividend Exempt u/s 10(34)	-	-
less: Other Income	6.01	86.06

Particulars	30th September 2016	31st March 2016
Add : Depreciation as per books	161.81	293.93
Add: Inadmissibles / Disallowances	154.23	217.25
Less: Admissibles / Allowances	115.85	196.26
Less : Depreciation as per Income Tax	189.47	351.15
(Loss)/Income from Business as per IT Act	455.86	-
Summary		
1. Business Loss	-	-
2.. Unabsorbed Depreciation	-	-
2. Income form Other sources		
Interest Income	6.01	86.06
B. Computation of Book Profits u/s 115 JB of IT Act		
Net profit as per profit and loss account	1,019.24	1,738.38
Add: Provision for bad & Doubtful debts	34.97	24.26
less: Dividend Exempt u/s 10(34)	-	1.25
Net Income After Adjustment(For Mat Working)	1,054.22	900.88
MAT Rate	18.50%	18.50%
Tax due u/s 115JB	195.03	166.66
Add surcharges	23.40	11.67
Total Tax and surcharge	218.43	178.33
Add Education Cess	6.55	5.35
Tax Payable	224.99	183.68
Provision for Current Taxes	264.00	201.11

Note: 1. The Company is having carried forward losses computed under the regular provisions of the Act, the tax at normal rate is therefore not applicable. Tax has been calculated and actual paid on the basis of Minimum Alternative Tax U/s. 115JB. In view of loss incurred in various years no tax is due under the MAT except for the assessment year 2011-12 and 2016-17 for which Rs. 28.96 lakh and Rs. 183.68 lacs respectively has been paid under the MAT .

Note: 2. MAT credit of Rs. 28.96 lacs and Rs. 183.68 lacs is available for next years subsequent to the assessment year 2011-12 and 2016-17.

CERTAIN OTHER FINANCIAL INFORMATION

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

1. Working Results of our Company for the period from October 01, 2016 to October 31, 2016

Sr. No.	Particulars	Amount (₹ in Lacs)
1.	Sales / turnover (Net of Excise)	3215.13
2.	Other income	0
3.	Total income	3215.13
4.	PBIDT	126.87
5.	Finance Charges	27.21
6.	Provision for Depreciation	29.00
7.	Provision for Tax(Deferred Tax)	23.00
8.	Profit /(Loss) after Tax	47.66

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

Our operations may be affected on account of downfall/volatility in crude oil prices resulting in volatility in raw material prices. This volatility in prices is likely to affect our margins and may also result in inventory /stock losses. Other than as mentioned above no circumstances have arisen since September 30, 2016 (i.e., the date of the last financial statement as disclosed in this Draft Letter of Offer) which are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

MARKET PRICE INFORMATION

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

For the purpose of this section:

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

BSE

Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Shares)	Date of Low	Low (₹)	Volume on Date of low (No. of Shares)	Average (₹)
2016	06/01/2016	764.00	14,451	18/06/2015	153.00	1,047	356.70
2015	19/02/2015	332.50	13,822	02/04/2014	36.70	4,377	154.76
2014	05/02/2014	43.15	239	11/04/2013	11.61	4	34.08

Source: www.bseindia.com

NSE

The trading in equity shares of our Company at NSE commenced on November 15, 2016. Therefore, the market price information for preceeding three years of trading at NSE is not available.

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

BSE

Month	Date	High (₹)	Volume (No. of Shares)	Date	Low (₹)	Volume (No. of Shares)	Average (₹)
October, 2016	19/10/2016	1,270	36,996	13/10/2016	1,062	15,580	1,136.56
September, 2016	16/09/2016	1,229	26,564	01/09/2016	986.1	8,645	1,100.56
August, 2016	01/08/2016	1,170	56,981	01/08/2016	955	56,981	1,065.18
July, 2016	28/07/2016	1,267	29,683	01/07/2016	755	4,937	971.70
June, 2016	02/06/2016	810	3,449	24/06/2016	701	4,602	758.58
May, 2016	09/05/2016	934	7,735	18/05/2016	745	4,593	834.63

Source: www.bseindia.com

NSE

The trading in equity shares of our Company at NSE commenced on November 15, 2016. Therefore, the market price information for preceeding six months trading at NSE is not available.

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

BSE					
Week ended on	Closing Price (Rs.)	High Price (₹)	Date of High	Low Price (₹)	Date of Low
November 04, 2016	1,104.30	1171.00	November 03, 2016	1150.00	November 02, 2016
November 11, 2016	1,064.20	1140.00	November 10, 2016	955.00	November 09, 2016
November 18, 2016	894.20	1,098.95	November 15, 2016	851.45	November 15, 2016
November 25, 2016	847.00	904.00	November 21, 2016	745.00	November 22, 2016

Source: www.bseindia.com

NSE *					
Week ended on	Closing Price (Rs.)	High Price (₹)	Date of High	Low Price (₹)	Date of Low
November 18, 2016	891.90	1,103.90	November 15, 2016	831.00	November 18, 2016
November 25, 2016	848.30	924.00	November 21, 2016	726.50	November 22, 2016

Source: www.nseindia.com

The trading in equity shares of our Company at NSE commenced on November 15, 2016.

Closing market price on the date of the Board resolution of approving the Issue

The closing prices of Equity Shares as on October 24, 2016 (the date of Board Meeting on which the Board resolution was passed approving the Rights Issue) on BSE was ₹ 1,180.50 and the closing price of Equity Shares on October 25, 2016 (the trading day immediately following the day on which the Board resolution was passed approving the Rights Issue) on BSE was ₹ 1,135.50.

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

FINANCIAL INDEBTEDNESS

The details of loan details as certified by our statutory auditors M/s. P. Srinivasan & Co., Chartered Accountants vide certificate dated October 31, 2016 is as under:

Particulars	Citibank	ECB from Kingfa China	ECB from Kingfa China
Nature of Loan	Term Loan/ Working Capital Loan	External Commercial Borrowings	External Commercial Borrowings
Object of the Loan	To part finance the expansion project	To part finance the Capital Equipments	General Corporate purposes
Date of sanction	January 23, 2016	October 17, 2013	January 29, 2014
Sanction & Disbursed Amount (Rs. in lacs)	6500.00	614.20	861.42
Outstanding as at Sept' 30, 2016 (Rs. in lacs)	NIL	666.60	933.19
Rate of Interest on the Loan as per original sanction letter	9 %	Libor +350BPS	Libor +350BPS
Rate of Interest on the Loan	9 %	Libor +350BPS	Libor +350BPS
Security	NIL	NIL	NIL
Repayment Schedule	Six months with a validity of 1 year. Facility to be renewed periodically. Validity extended till January 23, 2017	7 ^{1/2} Years	7 ^{1/2} Years

Except as stated above:

- The Company has not availed of any unsecured loan which can be recalled by the lenders at any time
- The Company has not made any investment in debt instruments which are unsecured or which carry interest rate lower than the market rate.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

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

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

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

Except as disclosed below there are no (i) litigation against the Directors involving violation of statutory regulations or alleging criminal offence; (ii) past cases in which penalties were imposed by the relevant authorities on the Company and the Directors; (iii) outstanding litigation or defaults relating to matters likely to affect the operations and finances of our Company, including disputed tax liabilities and prosecution under any enactment in respect of Schedule V to the Companies Act, 2013; and (iv) any creditors to whom our Company owes a sum exceeding ₹ 0.1 million which is outstanding more than 30 days and dues to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Act, 2006.

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

I. Proceeding involving our Company:

a. Proceedings against our Company

- I. The Company has a leased land (Plot No. J-6, P.S. Singur, Dist. Hooghly, West Bengal) of around 1.55 acres for an allotment period of 90 years. The Company has paid an amount of Rs 23.25 lacs to West Bengal Industrial Development Corporation (WBIDC), ie the Lessor for the same. The lease deed has not been executed till date. Nevertheless, the Lessor has received the possession letter dated 27 June 2007. As per the terms of the allotment letter the lease deed is required to be executed within 60 days from the date of receiving the possession, the same is yet to be done. It may be noted that the present allotment and lease was made to the Lessee under TATA Small Car Project, to be set up in Singur. However, the said project has run into dispute between the TATA group and the Government of West Bengal.

Present Status:

The Supreme Court has quashed the proceedings pertaining to the land in Singur and directed the state government of West Bengal to restore the ownership in the land to the farmers. However, no specific

action derived from the Supreme Court order has been initiated by the State Government and the impact on the lease deed entered into by our Company will only be known in due course.

b. Notices received by our Company -

Under Income-tax Act, 1961:

1. Our company has received an assessment order dated 31 December 2009 for the assessment year 2007-08 with a notice of demand for ₹ 6,04,840/- from the Assistant Commissioner of Income tax, Company Circle - II (2), Chennai - 600034 by assessing on account of disallowance of claim of deduction under section 80 IA and section 14A of the Income-tax Act, 1961. Our company had filed an appeal before the C.I.T. (Appeals) III, Chennai - 600034 on 29th January 2010. The matter is still pending for adjudication.
2. Our company has received an assessment order dated 29 December 2010 for the Assessment Year 2008-09 with a notice of demand for ₹10,88,885/- from the Additional Commissioner of Income tax, Company Range - II, Chennai - 600034 by assessing the taxable income of our company with the disallowance of claim of deduction under section 80 IA, section 80IB and section 14A of the Income-tax Act, 1961. Our company had filed an appeal dated 21 January 2011 before the C.I.T. (Appeals) III, Chennai - 600034. The matter is still pending for adjudication.
3. Our company has received an assessment order dated 23 December 2011 for the Assessment Year 2009-10 with a notice of demand served on 05 January 2012 for ₹ Nil/- from the Assistant Commissioner of Income tax, Company Range - II, Chennai - 600034 by reducing the loss returned by our company with the disallowance of certain expenditures and deduction amounting to ₹ 32,59,094/-, claimed under Section 14A of the Income-tax Act, 1961. Our company had filed an appeal dated 23 January 2012 before the C.I.T. (Appeals) III, Chennai - 600034. The matter is still pending for adjudication.
4. Our company has received an assessment order dated 12 March 2013 for the Assessment Year 2010-11 with a notice of demand for ₹ 1,72,840/- from the Deputy Commissioner of Income tax, Company Circle - II (2), Chennai - 600034 by assessing the taxable income of our company with the disallowance section 14A of the Income-tax Act, 1961. Our company had filed an appeal dated 12 April 2013 before the C.I.T. (Appeals) III, Chennai - 600034. The matter is still pending for adjudication.
5. Our company has received an assessment order dated 27 March 2015 for the assessment year 2012-13 with a notice of demand for ₹ Nil/- from the Income Tax Officer of Income Tax, Company Circle - II (2), Chennai - 34 by assessing with the disallowance under Section 14A for ₹2,38,262/-. Our company had filed an appeal dated 08 May 2015 before the C.I.T. (Appeals) III, Chennai - 34. The appeal matter is still pending for adjudication.
6. Our company has received an assessment order dated 31 March 2016 for the assessment year 2013-14 with a notice of demand for ₹ Nil/- from the Income Tax Officer of Income Tax, Company Circle - II (2), Chennai - 34 by assessing with the disallowance under section 14A for ₹2,71,165/- and other additions of ₹ 15,64,339/-. Our company had filed an appeal dated 03 May 2016 and filed for rectification of the assessment order on 23 May 2016 to C.I.T. (Appeals) III, Chennai - 34 and The DCIT, Corporate Circle, Chennai - 34. The rectification request and appeal matter is still pending for adjudication.

Under Central Excise Act, 1944 and Finance Act, 1994

1. Our Company received four show cause cum demand notices bearing reference no.s V/CH.39/15/75/2011 dated 11 August 2011 for ₹ 1,37,219, SCN V/CH/39/129/2012 dated 22.3.212 for ₹ 1,06,941, SCN V/CH/39/15/152/2012 dated 19 November 2012 for ₹ 1,38,482 from the Assistant Commissioner, Office of the Assistant Commissioner of Central Excise, Thanjavur and S.C.N. 949/2010 dated 01 November 2010 for ₹ 74,160 from Superintendent of Central Excise, Pudukkottai in respect of Availment of CENVAT credit of service tax on Annual maintenance and security contract at Wind

mill site. Our company filed reply dated 03 October 2011 for the show cause notice of V/CH.39/15/75/2011 and reply dated 29 November 2010 for the show cause notice of S.C.N. 949/2010. The other show cause notices are not replied as the matter is similar to the other notices. The matters are pending before the Assistant Commissioner, Office of the Assistant Commissioner of Central Excise, Thanjavur and Superintendent of Central Excise, Pudukkottai.

2. Our Company received five show cause notices bearing reference no.s SCN /IV/16/34/2011 - UCD 11/2011 dated 16 March 2011 for ₹46,949, 32/2010 dated 26 July 2010 for ₹ 1,10,840, S C No: 16/2012 dated 02 May 2012 for ₹ 1,21,750, SCN No. 11/2013 dated 23 January 2013 for ₹ 1,10,974 and SCN No. 12/2013 dated 05 March 2013 for ₹ 4,16,538 issued by the Assistant Commissioner of Central Excise, Pondicherry Commissionerate in respect of wrong availment of Cenvat Credit on service tax paid for outward Freight and Irregular availment of Cenvat Credit of Service Tax on Security, Rent a cab, insurance and Outward Courier Charges. Our company filed replies dated 18 May 2011, 25 August 2010, 11 June 2012, 23 February 2013, 16 April 2013 for the show cause notices respectively. The matters are still pending before the Assistant Commissioner of Central Excise Pondicherry Commissionerate.
3. Our Company received Show cause notice bearing reference no. SCN C No. V/STC/15/22/2008 dated 08 July 2008 and further order no. 14/2008 dated 10 October 2008 issued by the Assistant Commissioner, Office of the Assistant Commissioner of Central Excise, Thanjavur for an amount of ₹ 2,41,501/- in respect of wrong availment of service tax credit at our Pudukkottai plant. We filed an appeal 18 December 2008 against this order before the Commissioner of (Appeals), Central Excise, Trichy. The matter is still pending before the Commissioner of (Appeals), Central Excise.
4. Our Company received Show cause notice bearing reference no. 19/2014 dated 2nd August 2014 issued by the Assistant Commissioner of Central Excise, Puducherry II Division for an amount of ₹1,02,830/- in respect of wrong availment of service tax credit towards Outward courier, Insurance, GTA outward service at our Puducherry plant. We filed reply and personal hearing was attended on 10.02.2015. The matter is still pending before the Assistant Commissioner of Central Excise, Puducherry II Division.
5. Our Company received Show cause notice bearing reference no. 07/2016 dated 11th March, 2016 issued by the Office of the Commissioner of Central Excise, Audit II Commissionerate, Chennai for an amount of ₹ 5,78,044/- in respect of service tax on commission income. We filed our reply on 30.04.2016. The matter is still pending before the Joint/Additional Commissioner of Service Tax, Service tax-I Commissionerate,

Under Tamil Nadu General Sales tax Act, 1959

1. Our company received an assessment order under TNGST Act vide order no. TNGST 0640213/2005-06 dated 10 September 2011 served on 12 October 2011 with a sales tax demand on sale of machineries of ₹ 1,61,930/- along with a total penalty of ₹ 3,80,245/-. Our company has filed an appeal dated November 07, 2011 with Appellate Deputy commissioner (CT) IV, Chennai. We have got relief for this demand and penalty vide order AP.No. 36/2011 dated 01 March 2012. The department has preferred an appeal which is pending before the Tamil Nadu Sales Tax Appellate Tribunal (Main Bench) Chennai for adjudication.
2. Our company received a CST assessment order under TNGST Act vide order no. CST/33373/2006-07 dated 30 March 2012 served on 14 May 2012 with a sales tax demand by proposing higher rate of tax i.e. 10% on turnover for ₹ 2,59,286/- along with a penalty of ₹ 84,312/-. Our company has filed an appeal dated 15 June 2012 before the Appellate Deputy commissioner (CT) IV(FAC), Chennai. We have obtained relief for this demand and penalty vide appeal no. 36/2012 dated 24 September 2012. The department has preferred an appeal which is pending before the Tamil Nadu Sales Tax Appellate Tribunal (Main Bench) Chennai for adjudication.
3. Our company received a demand notice from DCTO, Ranipet check post, Serkadu, vide GDN No. 144/2012-13 dated 07 November 2012 for a tax and compounding fee of ₹82,161/- stating that the goods were transported by our company without the transit pass. We have filed a petition before the

Joint Commissioner (CT), Vellore Division, Vellore for relief dated 16 November 2012. . The matter is pending before the Joint Commissioner (CT), Vellore Division, Vellore for adjudication

4. Our company received a sales tax demand notice from Check post officer, Kandamangalam Check Post, LingareddyPalayam vide GDN No. 3155//2012-13 dated 03 July 2012 for a compounding fee of ₹1,68,300/- stating the goods were transported without the transit pass. We have filed a petition before the Joint Commissioner (CT), Vellore Division, Vellore for relief dated 05 July 2012. The matter is pending before the Joint Commissioner(CT), Vellore Division, Vellore for adjudication.
5. Our company received a sales tax demand notice from DCTO, Kandamangalam Check Post, LingareddyPalayam vide GDN No. 36/2012-13 dated 16 August 2012 for a tax and compounding fee of ₹1,13,488/- stating the goods were transported without the transit pass. We have been paid tax amount of ₹ 43,816/- under protest against the writ petition order made by the Honourable High court under which the direction were given for the adjudication process. Subsequently we have been filed a petition before the Joint Commissioner (CT), Vellore Division, Vellore for relief dated 04 February 2013. The matter is pending before the Joint Commissioner(CT), Vellore Division, Vellore for adjudication.

Under Customs Act, 1962

1. Our company received a show cause cum demand order No.6819/2007 dated 06 November 2007 from the Commissioner of Customs, Chennai in respect of differential customs duty on machinery imported for the Pudukkottai project with a demand of ₹ 26,78,241/-. Our company filed an appeal with the Commissioner of Customs (Appeals), Chennai on 28th December 2007 and got the stay order vide no.605/09 dated 2 July 2009. The matter is still pending before the Commissioner of Customs (Appeals), Chennai for adjudication.

c. Cases filed by our Company

1. During the year 2013-15, JAIHIND AUTOMATION PRIVATE LIMITED purchased various products from our Company, amounting to ₹76,47,813/-. While making part payment towards the liability for the purchases the Customer issued six cheques, drawn on corporation bank. The cheques were presented for payment as instructed by the Customer on March 31, 2016. However, the cheques were returned due to insufficient funds. Our Company then issued a notice calling for ₹1650000/- along with an interest of 12% p.a. After the elapse of the notice period, due to lack of response from the Customer, our Company filed a case on June 03, 2016 before the Hon'ble XIII Metropolitan Magistrate, Egmore under section 138 read with section 142 of Negotiable Instrument Act, 1881. The matter is currently pending for hearing before the Hon'ble Metropolitan Magistrate court.
2. Our Company had contracted a vendor, ADROVERA INDUSTRIES PRIVATE LIMITED, for undertaking Job Work for which the raw material was supplied by the Company and advance was paid under the agreement that the job work will be completed in 10 days from the date of supply of the raw material by our Company. The vendor however, could not deliver the finished products on time as promised, and hence agreed to refund the advance paid by our Company. The vendor issued a cheque in favour of the Company on April 25, 2016. The cheques were presented to our banker, SBI, and were returned unpaid with endorsement 'STOP PAYMENT'. The cheques were then represented after the vendor agreed to honour the cheques, which also returned as 'STOP PAYMENT' on June 02, 2016. Subsequently our Company issued a legal notice to the vendor seeking refund of ₹ 17,62,840/- which was paid as advance along with an interest at the rate of 12%p.a. After the elapse of the notice period, due to lack of response from the vendor, our Company filed a case on August 10, 2016 before the Hon'ble XIII Metropolitan Magistrate, Egmore under section 138 read with section 142 of Negotiable Instrument Act, 1881. The matter is currently pending for hearing before the Hon'ble Metropolitan Magistrate court.

II. Proceedings involving our Promoter

a. Proceedings against/ by our Promoter - NIL

b. Notices against/ issued by our Promoter - NIL

III. Proceedings involving our Directors

a. Proceedings against/ by our Directors

1. One of our Director's Mr. N K Ramaswamy, ('the Complainant') had filed a complaint under Section 12 of the Consumer Protection Act, 1986 against State Bank of India , Anna Salai Branch ('the Opposite party') for deficiency in services and failure of the bank to re-credit the amount wrongly debited from the director's bank account. On December 28, 2010 the director reported of unauthorized withdrawal from an ATM against his bank account to the extent of Rs. 80,000/- to state bank of India and lodged a police complaint. However, the director has alleged that the bank has ignored his compliant and failed to act on it. The matter is now pending for disposal before the District Consumer Dispute Redressal Forum – Chennai South.
2. Our Chairman & Managing Director Mr Bo Jingen and our Whole-time Director Mr. Xiaohui Wu file a suo-motu application before the Honorable Company Law Board, Chennai Bench for compounding an offense under section 269 of the Companies Act, 1956 and 203 of Companies Act, 2013 on May 20, 2015, for holding the position of the Managing Director after the Central Government did not accord the approval of its appointment as Managing Director and Whole-time Director respectively in the Company, as the appointees did not possess an employment visa. The Honorable Chennai bench of Company Law Board ordered both the directors to pay a compounding fee of Rs 25,000 each, which was remitted by the directors immediately and the offense was duly compounded.

b. Notices against/ issued by our Directors –NIL

IV. Proceedings involving our Group Companies

a. Proceedings involving our Group Companies: Nil

b. Notices involving our Group Companies - NIL

MATERIAL DEVELOPMENTS**Material Developments since the last Audited Accounts**

Our operations maybe affected on account of downfall/volatility in crude oil prices resulting in volatility in raw material prices. This volatility in prices is likely to affect our margins and may also result in inventory /stock losses. Other than as mentioned above there are no circumstances have arisen since September 30, 2016 (i.e., the date of the last financial statement as disclosed in the Letter of Offer) which are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months

GOVERNMENT APPROVALS

Except as stated below, our Company has received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue and no further material approvals are required for carrying on our present activities. Except as mentioned in this chapter “Government Approvals”, as on the date of the Letter of Offer, there are no pending regulatory and government approvals and no pending material renewals of licenses or approvals in relation to the activities undertaken by the Company or in relation to the Issue other than those mentioned below.

I. Approvals for the Issue

1. Board resolution dated October 24, 2016 approving the Issue;
2. In-principle approval from Stock Exchange dated [●];

II. General

- Permanent Account Number of our Company is AAACHO931N

III. Approvals in relation to the business of our Company

Our Company requires various approvals and/or licenses under various rules and regulations to conduct our business. Following are the business approvals with the Company:

- Certificate of Importer-Exporter Code (IEC) , No. IEC No. 0488010306 dated June 28, 1988 issued by Foreign Trade Development Officer, Office of Joint Director General of Foreign Trade. License obtained vide file number 04/04/131/80082/AM17/ dated April 26, 2016 for name change.
- Registration under the Tamil Nadu Industrial Establishment (National and Festival Holidays) Rules, 1959 No.: 732/05 dated January 02, 2006, issued by Assistant Inspector of labour, 33, Venkatanarayana Road

Gurgaon Factory

- Certificate of Registration for Sales Tax and Central Sales Tax No.: 06781824484 dated September 09, 2014 issued by Notified Authority AETO
- Registration under Service Tax no. AAACH0931NSD005 dated December 05, 2012 issued by Office of the Superintendent of Central Excise Service Tax range II- Haryana
- Central Excise Registration no. AAACH0931NEM010 dated December 27, 2012 issued by Central Excise Division III (Manufacturing of Excisable Goods)
- Value Added tax Registration Certificate no. - TIN 06781824484 dated December 19, 2012, issued by Assessing Authority – Commercial tax department.
- Registration and License to work as a factory no. GGN-ONLINE-GGN-H-13 dated August 16, 2013, issued by Chief Inspector of Factories, valid up to December 31, 2017
- Consent under Water (Prevention and Control of Pollution) Act, 1974, No: 2845016GUSOCTO2540786 dated February 27, 2016, issued by Haryana State Pollution Control Board and is valid up to March 31, 2019.
- Consent under Air (Prevention and Control of Pollution) Act, 1981, No: 2845016GUSOCTOHW2540786 dated February 27, 2016, issued by Haryana State Pollution Control Board and is valid up to March 31, 2019.
- Authorization for operating a facility for collection, reception, treatment, storage, transportation and disposal of hazardous wastes under Hazardous Waste (Management and Handling) Rules, 1989, No: 2845014GUSOCTOHW2540786 dated February 27, 2016, issued by Haryana State Pollution Control Board and is valid up to March 31, 2019
- NOC from State Fire Prevention and Safety Act no Ref.no.F.S.2016/1364/3092 dated February 10, 2016, issued by Fire station Officer, Gurgaon, and is valid up to December 23, 2016
- Contract Labour - Certificate of Registration no. CLA/ALC/GGN/N0692 dated December 20, 2013, issued by Additional Labour Commissioner, Gurgaon, valid till December 31, 2016
- Approval of Factory Building Plan under the Factories Act, 1948 No 495/Endst No 496-498 dated

April 18, 2013 issued by Additional Chief Inspector of Factories, Gurgaon.

- Certification of Verification No: 001082/31 issued by the Office of the controller of Legal metrology, Inspector of Legal Metrology – Haryana valid upto May 01, 2017.
- Certification of Verification No: 001082/33 has been received from Office of the controller of Legal metrology issued by Legal Metrology Officer, Inspector of Legal Metrology – Haryana valid upto May 01, 2017.

Puducherry Factory

- Central Sales Tax Registration No.: 34380007820 dated November 08, 1994, issued by Commercial Tax Officer Registration- Puducherry Amended for change of name on April 15, 2016..
- Service Tax no. AAACH0931NST001 dated February 23, 2005, issued by Office of the Superintendent of Central Excise Service Tax range III- E- Puducherry . An application has been made for amendment in the name in Form I on August 08, 2016
- Central Excise Registration no. AAACH0931NXM001 dated May 10, 2016, issued by Assistant Commissioner of Central Excise- Puducherry II Division
- Value Added tax Registration Certificate no- TIN 34380007820 dated December 06, 2007, issued by Deputy Commercial Tax Officer- Puducherry .Amended for change of name on April 15, 2016..
- Employee state Insurance registration Certificate no. 55000212390000205 issued by Employee State Insurance Corporation.
- Professional Tax - Certification of under the Pondicherry, Registration No. 44/95/VCP issued by Commissioner Villianur Commune Panchayat – Pondicherry issued on May, 22, 1995 and license renewed upto March 31, 2017.
- Registration and License to work as a factory no. PVC369, originally issued on April 03, 1995 by Chief Inspector of Factories- Puducherry, valid up to December 31, 2016.
- Allotment Code under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 no. PC/644 Ref No: E/PC/TN/27152/Enf/Reg/96 Code No: TN/PC/27152 dated March 29, 1996, issued by Regional Provident Fund Commissioner, Tamil Nadu, and Pondicherry States.
- Consent under Water (Prevention and Control of Pollution) Act, 1974, Consent under Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989 License Number: PPCC/CON/WTR/VCP/EE/2009/624 dated October 22, 2009, issued by Pollution Control Committee was valid until December 2012. We have made our application for renewal on October, 08, 2012 which is still pending for renewal. Reminder letters dated August 22, 2013, December 22, 2014 and May 24, 2016 had been sent by us. The pollution control board officials are expected to visit our plant shortly for inspection before granting the renewal.
- NOC from State Fire Prevention and Safety Act no. RC.No.47/FSD/ADFO(S)/FPW/NOC/ 2012/714 dated June 07, 2012, issued by Divisional Fire Officer-puducherry
- Contract Labour - Certificate of Registration no. 17/99/CL/Reg dated November 08, 1999 issued by Registering Officer under the Contract Labour (Regulation and Abolition Act). Valid until March 31, 2017.
- Registration under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 no. 2341/SIA/IMO/98 dated November 10, 1998, issued by Public Relations and Compliance officer, Entrepreneurial Assistance Unit, Secretariat of Industrial Assistance.
- Building approval no 10-3396/CIF&B/A8/2015 dated June 22, 2015 issued by the Chief Inspector of Factories & Boilers (Government of Puducherry).
- Additional power sanction of 750 KVA has been received from Office of the Assistant Engineer Sedharapet Sub Division Electricity Department, Puducherry vide their approval no 5819/ED/EE-IV/Tech/F.HT(Hydro S & S Enh 750-1500KVA)/15-16 dated December 31, 2014.
- Additional machinery sanction for expansion of 750KW to 1500KW - Directorate of Industries and Commerce vide Ref.No : I-13/674/IND & COM/A6/2013 dated on December 08, 2014.
- Certification of Verification No: 062673 issued by the Office of the controller of Legal metrology, Inspector of Legal Metrology-II – Puducherry valid upto September 06, 2017.
- Certification of Verification No: 058918 issued by the Office of the controller of Legal metrology, Inspector of Legal Metrology-II – Puducherry valid upto February 25, 2018.
- Certification of Verification No: 063797 issued by the Office of the controller of Legal metrology, Inspector of Legal Metrology-II – Puducherry valid upto October 14, 2017.
- Certification of Verification No: 063797 has been received from Office of the controller of Legal

metrology issued by Legal Metrology Officer, Inspector of Legal Metrology-II – Puducherry valid upto October 14, 2017.

Pune Factory

- Certificate of Registration for Sales Tax and Central Sales Tax No.: 27760382098C dated April 01, 2006, issued by Sales Tax Officer Registration- Pune
- Service Tax no. AAACH0931NST004 dated April 18, 2016, issued by Central Excise III
- Central Excise Registration no. AAACH0931NXM005 dated April 15, 2016, issued by Assistant Commissioner of Central Excise- Pune IX Division
- Value Added tax Registration Certificate no. TIN 2760382098V dated February 26, 2016, issued by Sales Tax Officer Registration Pune
- Professional Tax - Certification of Registration under Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975, Registration No. 27760382098P dated November 19, 2008, issued by Professional Tax Officer, Pune Division
- Registration and License to work as a factory no. 25209 dated August 20, 2007, issued by Deputy Chief Inspector of factories, valid until December 31, 2016.
- Allotment Code under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 no. MH/PUN/300399/CIRCLE-II/343 dated May 22, 2008, issued by Regional Provident Fund Commissioner, Regional Office, Pune (Employee of Gurgaon factory are attached to Pune PF)
- Consent under Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989 No. MPCB/14/07452 dated August 07, 2014, issued by Regional Officer Pune- Maharashtra Pollution Control Board, valid upto March 31, 2018.
- NOC from State Fire Prevention and Safety Act no. MIDC/FIRE/245 dated January 25, 2016, issued by Maharashtra Industrial Development Corporation-Pune, valid upto One year from the date of issue.
- Contract Labour - Certificate of Registration no. 1631000710004541 dated October 30, 2015, issued by Assistant Commissioner of Labour Registering and Licensing Officer under Contract Labour Act, 1970-Pune, valid upto December 31, 2016.
- Registration under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 no. 270251300080 dated September 11, 2012, issued by Directorate of Industries
- Petroleum and Explosives Safety organization (PESO) no. P/WC/MH/15/2161(P221713)-Pune dated May 19, 2009, issued by Controller of Explosives-Joint Chief Controller of Explosives, Mumbai, and license renewed upto December 31, 2018.
- Approval for release of additional load to HT connection issued by Maharashtra State Electricity Board No: SE/BRC/T/HTC/LE/2199 dated May 16, 2016.
- Building approval issued by Maharashtra Industrial Development Corporation No DE/JJR/PLAN/G-34/ 45 of 2008 dated February 12, 2008 and DE/JJR.PLAN/C-70598/31 of 2013 dated August 31, 2008.
- NOC for construction of Factory Material Storage Plot No G-34@ Add.JejuriNo :MIDC/JJR/E&MD/SUBDIVJJR/2016/A-73474 issued by Maharashtra Industrial Development Corporation dated March 08, 2016.
- Certification of Verification No: 112117/362 issued by the Office of the controller of Legal metrology, Inspector of Legal Metrology – Pune valid upto June 04, 2017.
- Certification of Verification No: 142368/362 issued by the Office of the controller of Legal metrology, Inspector of Legal Metrology – Pune valid upto March 14, 2017.
- Certification of Verification No: 142369/362 issued by the Office of the controller of Legal metrology, Inspector of Legal Metrology – Pune valid upto March 19, 2017.
- Certificate of Verification No: 586702/362 issued by the Office of the controller of Legal metrology, Inspector of Legal Metrology – Pune valid upto September 09, 2016.

Chennai Head Office

- Service Tax no. AAACH0931NST003 dated April 25, 2007, issued by Central Excise Officer, Service Tax – I, Chennai
- Central Excise Registration Certificate No: AAACH0931NEM014 dated January 21, 2015, issued by Department of Revenue, Central Board of Excise and Customs.

- Value Added tax Registration Certificate no. TIN – 33760640213 dated 11 May 2016, issued by Commercial Tax Officer- Chennai
- Employee state Insurance registration Certificate no. 51-57-024190-001-0699-602 dated March 15, 2011, issued by Employee State Insurance Corporation
- Professional Tax - Certification of under the Tamil Nadu Panchayats Act, 1994, Registration No. 06080PE0072, issued by Professional Tax Officer, Corporation of Chennai
- Allotment Code under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 no. TN/84830 dated May 28, 2012, issued by Assistant Provident Fund Commissioner.
- Labour Welfare fund registration certificate No: CHE/COM/001493 dated February 22, 2016 issued by Tamil Nadu Labour Welfare Board.

Finished Goods Warehouses

- Central Excise Registration no. AAACH0931NEM014 (Manufacturer's depot) & AAACH0931NEI016 (Trading) dated June 23, 2016 & June 24, 2016, respectively for our Chennai Warehouse. Issuing authority: Assistant commissioner of Central Excise – Maraimalai Division
- Central Excise Registration no. AAACH0931NED013 dated November 21, 2014, issued by Deputy Commissioner of Central Excise- II Division Bangalore for our Bangalore warehouse
- Central Excise Registration no. AAACH0931NEI020 dated May 25, 2015, issued by Assistant Commissioner of Central Excise for Import of Goods to our Ahmedabad warehouse.
- Central Excise Registration no. AAACH0931NED021 dated May 25, 2016, issued by Assistant Commissioner of Central Excise for Import of Goods to our Pune warehouse.
- Certificate of Registration for Sales Tax and Central Sales Tax, Registration No.: 33373 dated May 05, 1986, issued by Commercial Tax Officer Registration- Chennai for our Maraimalai warehouse.
- Central Excise Registration no. AAACH0931NEM019 dated May 25, 2015 issued by Division III for our Ahmedabad Warehouse.
- Value Added tax registration certificate no. TIN – 24074502937 dated May31, 2016, issued by Commissioner of Commercial Taxes for our Ahmadabad warehouse.
- Value Added tax registration certificate no. TIN – 29611110763 dated July 11, 2016, issued by Assistant Commissioner of Commercial Taxes V.O.025 (ADDL)/ VTR -2, Bangalore, for our Bangalore warehouse
- Value Added tax registration certificate no. TIN – 27760382098V dated February 02, 2016, issued by Commissioner of Sales Tax for our Pune warehouse.
- Value Added tax registration certificate no. TIN – 06781824484 dated December 19, 2012, issued by Assessing Authority for our Gurgaon warehouse.

Trademarks

All the marks currently being used by our Company in relation to our business operations and the status of registration of trademarks under Trademarks Act, 1999, are set forth in table below:

Sl. No	Title of Document	Registration Number	Issuing Authority	Issuance & Validity Date
(i)	Trademark - HYPRENE logo	1047544	Registrar of Trademarks	September 26, 2001 Valid upto – September 26, 2021
(ii)	Trademark – HYPRENE logo	1047543	Registrar of Trademarks	September 26, 2001 Valid upto – September 26, 2021
(iii)	Trademark – HYPRENE logo	1047550	Registrar of Trademarks	September 26, 2001 Valid upto – September 26, 2021
(iv)	Trademark – HYPRENE logo	1047549	Registrar of Trademarks	Approved and published in the Trademark Journal, but in database, status is shown as pending

Sl. No	Title of Document	Registration Number	Issuing Authority	Issuance & Validity Date
(v)	Trademark – HYFIL	1047545	Registrar of Trademarks	September 26, 2001 Valid upto - September 26, 2021
(vi)	Trademark – HYFIL	1047546	Registrar of Trademarks	September 26, 2001 Valid upto - September 26, 2021
(vii)	Trademark – XTRUGLAS	1047547	Registrar of Trademarks	September 26, 2001 Valid upto - September 26, 2021
(viii)	Trademark – XTRUGLAS	1047548	Registrar of Trademarks	September 26, 2001 Valid upto - September 26, 2021
(ix)	Trademark – HSSIL Logo	1775837	Registrar of Trademarks	January 20, 2009 Valid upto –January 20, 2019
(x)	Trademark – HSSIL Logo	1775838	Registrar of Trademarks	January 20, 2009 Valid upto –January 20, 2019
(xi)	Trademark – HSSIL Logo	1775838	Registrar of Trademarks	January 20, 2009 Valid upto –January 20, 2019
(xii)	Trademark – HSSIL Logo	1775839	Registrar of Trademarks	January 20, 2009 Valid upto –January 20, 2019
(xiii)	Trademark – Hydro S&S	1775842	Registrar of Trademarks	January 20, 2009 Valid upto –January 20, 2019
(xiiv)	Trademark – Guangzhou Kinfa Sci & Tech. Co.Ltd	1422545	Registrar of Trademarks	February 22, 2008 Valid upto – February 21, 2018

The Puddukottai factory of our company has been closed down since 30th April 2014 and the inspector of factories have been informed of the same vide letter dated 12th June 2014.

Application for renewal and change of name

We have made applications for renewal of our approvals, details of the same are as mentioned below:

- We have made our application dated October, 08, 2012 for renewal of our Consent under Water (Prevention and Control of Pollution) Act, 1974, Consent under Air (Prevention and Control of Pollution) Act, 1981 and Hazardous Waste (Management and Handling) Rules, 1989, License Number: PPCC/CON/WTR/VCP/EE/2009/624 dated October 22, 2009 which was valid until December 2012. The same is still pending for renewal Reminder letters dated August 22, 2013, December 22, 2014 and May 24, 2016 have been sent The pollution control board officials are expected to visit our plant shortly for inspection before granting the renewal.

In addition following the change of name of our Company from “Hydro S&S Limited” to “Kingfa Science & Technology (India) Limited” we are in the process of making applications for reflecting the change in name of our Company in the respective approvals granted by the Government Authorities.

Approvals for new project

- Approval No: MIDC/RO(ROP)/CHK-II/LMS-/5966 dated December 30, 2015 has been received from Regional Officer, Maharashtra Industrial Development Corporation (Government of Maharashtra) for acquiring land of Plot No F-5/5 in Chakan Industrial Area Ph-II. Name change approval No ROP/Chakan-II/2080 issued by Maharashtra Industrial Development Corporation (Government of Maharashtra) dated 28 June 2016.
- Application for obtaining Industrial Entrepreneur Memorandum (IEM) from the Secretariat of

Industrial Assistance has been made on 11/04/2016. The company shall require certain approvals/registrations for the new project such as Building plan approval from MIDC, Power approval from MSEB, Factory licence, Approval from Pollution Control Board, Approval under State Fire Prevention and Safety Act no, Central Excise Registration, VAT registration extension etc.

- The company shall make necessary application to the relevant authorities as and when required.

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

This Issue of Equity Shares to the Equity Shareholders of our Company as on the Record Date is being made in accordance with the resolution passed by our Board of Directors under Section 62 of the Companies Act, 2013 at its meeting held on October 24, 2016.

Prohibition by SEBI and various agencies/ other regulatory bodies

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

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

None of our Directors are associated in any manner with any entity which is engaged in securities market related business and is registered with SEBI for the same.

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

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

Eligibility for the Issue

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

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

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

- (c) our Company has investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

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

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

DISCLAIMER CLAUSE OF SEBI

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

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 01, 2016 WHICH READS AS FOLLOWS:

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

OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

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

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

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

THE PROMOTER/ DIRECTORS OF OUR COMPANY CONFIRM THAT NO INFORMATION/ MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT

OF THE SHARES OFFERED IN TERMS OF THE OFFER DOCUMENT HAS BEEN SUPRESSED WITHHELD AND/ OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/ MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY POINT IN TIME TILL ALLOTMENT/ REFUND AS THE CASE MAY BE, THAT ANY INFORMATION/ MATERIAL HAS BEEN UPRESSED/ WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS/ DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 34 OF THE COMPANIES ACT, 2013.

Caution

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

Disclaimer clauses from our Company and the Lead Manager

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

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

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

Disclaimer with respect to jurisdiction

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

Designated Stock Exchange

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

Disclaimer Clause of BSE

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

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

Disclaimer Clause of the NSE

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

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

Filing

The Draft Letter of Offer will be filed with the Corporation Finance Department of the SEBI, located at Overseas Towers, 7th Floor, 756-L, Anna Salai, Chennai – 600 002, Tamil Nadu for its observations.

Selling Restrictions

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

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

Listing

The existing equity shares of our Company are listed on BSE and NSE. We have received in-principle

approvals for listing of equity shares being issued in terms of this letter of offer from BSE and NSE. We will apply to BSE and NSE for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. If the listing and trading approvals for the Equity Shares to be issued pursuant to this Issue is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

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

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

Issue Expenses

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

Particulars	Approximate Amount (₹ in lacs)	As percentage of total expenses (%)	As a percentage of Issue size (%)
Fees of the Intermediaries	34.00	51.52	[●]
Advertising, Printing and stationery expenses (including courier and distribution charges)	8.00	12.12	[●]
Statutory and others miscellaneous expenses (fees to regulators, listing fees, depositories' fees, auditor fees, out of pocket expenses, etc)	24.00	36.36	[●]
Total	66.00	100.00	[●]

Fees Payable to the Lead Manager to the Issue

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

Fees Payable to the Registrar to the Issue

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

Investor Grievances and Redressal System

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

The Stakeholders' Relationship Committee consists of Mr. N. Subramanian as Chairman and Mr. Bo Jingen & Ms. Nilima Ramrao Shinde as members of the said committee. All investor grievances received by our Company have been handled by the Registrar and Share Transfer agent in consultation with the compliance

officer.

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

M/s. Integrated Enterprises (India) Limited

2nd Floor, Kences Towers,
No. 1, Ramakrishna Street,
North Usman Road,
T. Nagar, Chennai - 600 017.

Tel: +91-44- 28140801-3

Fax: +91-44- 28142479

E-mail: yuvraj@integratedindia.in

Website: www.integratedindia.in

SEBI Registration Number: INR000000544

Investor grievances arising out of this Issue

Our Company's investor grievances arising out of the Issue will be handled by M/s. Integrated Enterprises (India) Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

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

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

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

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

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

Mr. Nirnoy Sur

Kingfa Science & Technology (India) Limited

Dhun Building,
III Floor, 827, Anna Salai,
Chennai – 600 002

Tel: +91 044 28521736;

Fax: +91 044 28520420

Website: www.kingfaindia.com

E-mail: rights@kingfaindia.com

Status of Complaints

- a. Total number of complaints received during Fiscal 2013: 6
- b. Total number of complaints received during Fiscal 2014: 8
- c. Total number of complaints received during Fiscal 2015: 6
- d. Total number of complaints received during Fiscal 2016: 15
- e. Average Time normally taken for disposal of various types of investor complaints: 7-10 days from the date of receipt of complaints.

None of our group companies are listed on any recognized stock exchange of India.

Status of outstanding investor complaints

As on date, there were no outstanding investor complaints.

SECTION VIII - OFFERING INFORMATION**TERMS OF THE ISSUE**

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

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

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

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please refer to “Procedure for Application through the Applications Supported by Blocked Amount Process” on page 127.

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

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

Considering the size of the Rights issue at Rs.15000 lacs, our promoter would be entitled to 74.99% of the Rights issue i.e. Rs.11248.50 lacs. In respect of application to be made by our promoter for subscribing to their rights entitlement, the payment of consideration will be made through remittance from abroad via proper banking channels as may be permitted by regulatory authorities including SEBI. The Company is in the process of making an application to SEBI permitting the promoters of our Company to remit the application money directly through proper banking channels and exempt them from subscribing in the said issue through ASBA mode. The promoters would remit the application money on receipt of requisite SEBI permission in this regard.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Rights Issue in respect of the equity shares held in the electronic form and on the register of members of our

Company in respect of the equity shares held in physical form at the close of business hours on the Record Date, fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

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

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

Principal Terms of this Issue***Face Value***

Each Equity Share will have the face value of ₹ 10.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ [●] per Equity Share.

Entitlement Ratio

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

Terms of Payment

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

Fractional Entitlements

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

Ranking

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

Mode of payment of dividend

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

Listing and trading of Equity Shares proposed to be issued

Our Company's existing equity shares are currently listed and traded on BSE (Scrip Code: 524019) and NSE (Symbol – KINGFA) under the ISIN INE473D01015. The Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular (no. CIR/MRD/DP/21/2012) by SEBI dated August 2, 2012, be Allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from

the Stock Exchange. Upon receipt of such listing and trading approval, the Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of our Company and be available for trading..

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

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

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

Rights of the Equity Shareholder

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

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

Arrangements for Disposal of Odd Lots

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

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

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

General Terms of the Issue for ASBA and Non ASBA applicants

Market Lot

The equity shares of our Company are tradable only in dematerialized form. The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds equity shares in physical form, our Company would issue to the allottees one certificate for the Equity Shares allotted to each folio (“**Consolidated Certificate**”) and in case an Equity Shareholder seeks allotment in demat form (whether existing equity shares being held in demat or physical form) and provides all relevant and correct details we

would allot him in demat form. In respect of Consolidated Certificates, we will upon receipt of a request from the respective Equity Shareholders, split such Consolidated Certificates into smaller denominations within one week's time from the receipt of the request in respect thereof, subject to a maximum of five denominations. We shall not charge a fee for splitting any of the Consolidated Certificates.

Joint Holders

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

Nomination

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

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

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

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

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

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

Notices

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

Additional Subscription by the Promoters

The Promoter has confirmed that it intends to subscribe to the full extent of their Rights Entitlement in the Issue. Our Promoter Kingfa Sci. and Tech. Co. Ltd. presently holds 74.99% of the paid-up equity share capital of our Company. As per the terms of the Rights Issue Kingfa Sci. and Tech. Co. Ltd. would be entitled to 74.99% of the rights issue as well. In terms of the present regulations, promoter will not be able to subscribe to any additional shares and/or subscribe to any unsubscribed portion in this rights issue as such subscription may reduce the public shareholding below the applicable limits of 25% for compliance with the continuous listing requirements as per provisions of Rule 19(2) (b) of Securities Contracts (Regulation) Rules, 1957. In case the rights issue remains unsubscribed and minimum subscription is not achieved, all application moneys received shall be refunded to the applicants forthwith, but not later than 15 days of the closure of the issue. Else, refund @15% p.a. shall be payable for the delay.

For further details, please refer to “Terms of the Issue - Basis of Allotment” on page 126.

Procedure for Application

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

Please note that neither the Company nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit.

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

The CAF consists of four parts:

- Part A: Form for accepting the Rights Equity Shares and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation;
- Part C: Form for application by renouncee(s);
- Part D: Form for request for Split Application Forms.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAFs and submit the same along with the application money payable to the Banker to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Chennai/ demand draft payable at Chennai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see “Mode of Payment for Resident Equity Shareholders/Investors” and “Mode of Payment for Non-Resident Equity Shareholders/Investors” on pages 142 of this Letter of Offer.

Option available to the Equity Shareholders

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

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

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares (by requesting for split forms);
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page 126 of this Letter of Offer.

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

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

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

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

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register any Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favor of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

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

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

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

Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF, without which the CAF shall be rejected on technical grounds. For further details please refer to "Grounds for Technical Rejection for ASBA Investors" and "Grounds for Technical Rejection for non- ASBA Investors" on page 133 and on page 140 respectively.

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

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one 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 under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

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

Renouncee(s)

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

Change and/or introduction of additional holders

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

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

Instructions for Options

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

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

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

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

Please note that:

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

Availability of duplicate CAF

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

Neither the Registrar nor the Lead Managers or us, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper – Non ASBA

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft, net of bank and postal charges payable at Chennai which should be drawn in favour of the "[●]" in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of the "[●]" in case of the non-resident shareholders applying on repatriable basis and send the same by

registered/ speed post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date.

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

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

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

- Name of Issuer, being Kingfa Science & Technology (India) Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ 10/- per Equity Share;
- Particulars of cheque/draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Share certificate numbers and distinctive numbers of equity shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records or the Depositories’ records
- In case of Non Resident Equity Shareholders, NRE/ FCNR/ NRO A/c No. name and address of the bank and branch;
- If payment is made by a draft purchased from an NRE/ FCNR/ NRO A/c No., as the case may be, an Account debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/ NRO A/c; and
- Additionally, all such applicants are deemed to have accepted the following:

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

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in

compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

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

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

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

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

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

Last date for Application

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

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

Basis of Allotment

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

- a. Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- b. Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of equity shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) above. The Allotment of such Equity Shares will be at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
Fractional entitlement if any will be rounded off to the next higher integer and the share required for the same will be adjusted from one of the promoter's entitlement.
- c. Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour and

have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.

- d. Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b) and (c) above and the decision of the Board in this regard will be final and binding.

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

Underwriting

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

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

Please note in accordance with the provisions of SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process. Renounees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process. For further details please refer to "Grounds for Technical Rejection for ASBA Investors" on page 133.

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

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

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

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

ASBA Investors who are eligible to apply under the ASBA Process

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

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

CAF

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

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

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

Acceptance of the Issue

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

Mode of payment

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

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

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

Options available to the ASBA Investors applying under the ASBA Process

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

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

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

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

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” on page 126.

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

Renunciation under the ASBA Process

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

Application on Plain Paper - ASBA

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

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

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

- Name of Issuer, being Kingfa Science & Technology (India) Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of equity shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;

- Total number of Equity Shares applied for;
- Total amount to be blocked at the rate of ₹ [●] per Equity Share; and
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

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

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

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

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

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

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

Option to receive Equity Shares in Dematerialized Form

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

Issuance of Intimation Letters

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

- The number of Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate bank account opened by the

- Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

General instructions for Equity Shareholders applying under the ASBA Process

- (a) Please read the instructions printed on the CAF carefully.
- (b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF must be filled in English.
- (c) The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Banker to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- (d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended credit” and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.**
- (e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.
- (g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (h) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- (i) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws and not Renouneess(s) are eligible to participate.
- (j) ASBA Investors who intend to subscribe the Equity Shares of our Company under this Issue shall be eligible to participate under the ASBA Process.
- (k) All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities / centres where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available.

- (l) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “Application on Plain Paper - ASBA” on page 129.

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

Do’s:

- Ensure that the ASBA Process option is selected in the CAF and necessary details are filled in.
- Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- Ensure that your Indian address is available to our Company and the Registrar, in case you hold equity shares in physical form or the depository participant, in case you hold equity shares in dematerialised form;
- Ensure that the CAFs are submitted at the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- Ensure that the demographic details are updated, true and correct, in all respects.

Don’ts:

- Do not apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

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

Grounds for Technical Rejection for ASBA Investors

- In addition to the grounds listed under “Grounds for Technical Rejection for non-ASBA Investors” on page 140 of this Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialized form).
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Sending CAF to a Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- Renouncee applying under the ASBA Process.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Submission of more than five CAFs per ASBA Account.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR instead of the PAN.

- An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor and is not a renouncer or a Renouncee not applying through the ASBA process applying through the ASBA process,.
- Applications by SCSBs not complying with the SEBI circulars dated September 13, 2012 and January 2, 2013, whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

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

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

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

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

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

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

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

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the

beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

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

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

Allotment Advices / Refund Orders

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

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

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

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

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

Payment of Refund

Mode of making refunds

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

- 1) NECS – Payment of refund would be done through NECS for Investors having an account at any of the centres where such facility has been made available. 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 records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
- 2) NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to our Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- 3) Direct Credit – Investors having bank accounts with the Banker to the Issue shall be eligible to receive

refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

- 4) RTGS – If the refund amount exceeds ₹ 2 lacs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- 5) For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- 6) Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and are permitted by the SEBI from time to time.

Refund payment to Non- resident

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

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

Printing of Bank Particulars on Refund Orders

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

Allotment advice / Share Certificates/ Demat Credit

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

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a tripartite agreement with NSDL on May 11, 2001 and with CDSL on April 28, 2001 which enables the Investors to hold and trade equity shares in a dematerialized form, instead of holding the equity shares in the form of physical certificates.

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

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

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

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*
- For Equity Shareholders already holding equity shares in dematerialized form as on a day prior to the book closure period (i.e. Thursday, September 24, 2015 to Monday, September 28, 2015), the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original equity shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete/ incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by the Company as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.
- The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Rights Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

General instructions for non-ASBA Investors

Please read the instructions printed on the enclosed CAF carefully.

- a) Applicants that are not QIBs or are not Non - Institutional Investor or those whose application money does not exceed ₹ 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head "Application on Plain Paper – non ASBA" on page 129 of this Letter of Offer and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are

liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

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

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

- c) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- d) Investors, holding equity shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- e) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company.
- g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.
- h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- i) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

- j) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of equity shares held in physical form and to the respective depository participant, in case of equity shares held in dematerialized form.
- k) SAFs cannot be re-split.
- l) Only the person or persons to whom Rights Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- m) Investors must write their CAF number at the back of the cheque /demand draft.
- n) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected.
- p) No receipt will be issued for application money received. The Banker to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- q) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

Do's for non-ASBA Investors:

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

Application on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;

- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

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

Grounds for Technical Rejections for non-ASBA Investors

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

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or with the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renounees);
- Application for Allotment of Rights Entitlements or additional shares in physical form (in case the existing holding is in dematerialized form).
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renounee(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs without specific RBI approval;
- CAFs accompanied by outstation cheques / post-dated cheques / money order / postal order / outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws);
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;

- In case the GIR number is submitted instead of the PAN;
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- QIBs and other Equity Shareholders applying for Equity Shares in this Issue for value of more
- than ₹ 2,00,000 who hold equity shares in dematerialised form, applying through the non-ASBA process.
- Equity Shareholders not being individuals or HUFs applying for Equity Shares in this Issue for a value not exceeding ₹ 2,00,000, who hold equity shares in dematerialised form, applying through the non-ASBA process.

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

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

Investment by FPIs, FIIs and QFIs

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

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

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

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

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

Investment by NRIs

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

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Mode of payment for Resident Equity Shareholders/ Investors

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

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

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

Mode of payment for Non-Resident Equity Shareholders/ Investors

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

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

M/s. Integrated Enterprises (India) Limited

2nd Floor, Kences Towers,
No. 1, Ramakrishna Street,
North Usman Road,
T. Nagar, Chennai - 600 017.

Tel: +91-44- 28140801-3

Fax: +91-44- 28142479

E-mail: yuvraj@integratedindia.in

Website: www.integratedindia.in

Contact Person: Mr. S Yuvaraj

SEBI Registration Number: INR000000544

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

- All non-resident Investors should draw the cheques/ demand drafts in favour of "[●]" in case of the resident shareholders and non-resident shareholders applying on non-repatriable basis and in favor of "[●]" in case of the non-resident shareholders applying on repatriable basis, crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar to the Issue.
- Non-resident Investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with

demand draft for the full application amount, net of bank and postal charges drawn in favour of Banker to the Issue, crossed “A/c Payee only” and marked “[●]” payable at Chennai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made by demand draft payable at Chennai/cheque payable drawn on a bank account maintained at Chennai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

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

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

Application without repatriation benefits

- As far as non-residents holding equity shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Chennai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of “[●]” and must be crossed ‘account payee only’ for the full application amount, net of bank and postal charges. The CAFs duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

Notes:

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

Impersonation

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

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

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

Disposal of application and application money

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

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

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

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

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 40 of the Companies Act;
- Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- The Company may utilize the funds collected in this Issue only after finalization of Basis of Allotment and the listing and trading approvals are received for the Rights Equity Shares.

Undertakings by our Company

Our Company undertakes the following:

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

Minimum Subscription

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

The Promoter has confirmed that it intends to subscribe to the full extent of their Rights Entitlement in the Issue. Our Promoter Kingfa Sci. and Tech. Co. Ltd. presently holds 74.99% of the paid-up equity share capital of our Company. As per the terms of the Rights Issue Kingfa Sci. and Tech. Co. Ltd. would be entitled to 74.99% of the rights issue as well. In terms of the present regulations, promoter will not be able to subscribe to any additional shares and/or subscribe to any unsubscribed portion in this rights issue as such subscription may reduce the public shareholding below the applicable limits of 25% for compliance with the continuous listing requirements as per provisions of Rule 19(2) (b) of Securities Contracts (Regulation) Rules, 1957. In case the rights issue remains unsubscribed and minimum subscription is not achieved, all application moneys received shall be refunded to the applicants forthwith, but not later than 15 days of the closure of the issue. Else, refund @15% p.a. shall be payable for the delay.

Important

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

M/s. Integrated Enterprises (India) Limited

2nd Floor, Kences Towers,
No. 1, Ramakrishna Street,
North Usman Road,
T. Nagar, Chennai - 600 017.

Tel: +91-44- 28140801-3

Fax: +91-44- 28142479

E-mail: yuvraj@integratedindia.in

Website: www.integratedindia.in

Contact Person: Mr. S Yuvaraj

SEBI Registration Number: INR000000544

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

SECTION IX – STATUTORY AND OTHER INFORMATION**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

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

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

(A) MATERIAL CONTRACTS

1. Issue Agreement dated November 29, 2016 between our Company and Keynote Corporate Services Limited, Lead Manager to the Issue;
2. Agreement dated November 01, 2016 between our Company and M/s. Integrated Enterprises (India) Limited, Registrar to the Issue.
3. Tripartite Agreement dated May 11, 2001 between our Company, National Securities Depository Ltd. (NSDL) and M/s. Integrated Enterprises (India) Limited;
4. Tripartite Agreement dated April 28, 2001 between our Company, Central Depository Services (India) Limited (CDSL) and M/s. Integrated Enterprises (India) Limited;
5. Bankers to the Issue Agreement dated [●] between the Company, Keynote Corporate Services Limited, [●] and Integrated Enterprises (India) Limited.

(B) DOCUMENTS FOR INSPECTION

1. Memorandum & Articles of Association of our Company;
2. Resolution under sections 62 of Companies Act, 2013 passed in Board Meeting of on October 24, 2016 authorising the Issue;
3. Resolution of Rights Issue Committee dated December 01, 2016 approving Draft Letter of Offer;
4. Consents of the Directors, Company Secretary and Compliance Officer, Legal Advisors to the Issue, Statutory Auditor, Lead Manager to the Issue, Banker to our Company and Registrar to the Issue to include their names in the Offer Document to act in their respective capacities;
5. Audit report dated October 24, 2016 received from M/s. P. Srinivasan & Co, Chartered Accountants, Statutory Auditor regarding audited financial statements of our Company for the six months period ended September 30, 2016 and for the year ended March 31, 2016.
6. A statement of tax benefits dated November 30, 2016 received from M/s. P. Srinivasan & Co, Chartered Accountants, Statutory Auditor regarding tax benefits available to our Company and its shareholders;
7. Certificate dated November 30, 2016 from M/s. P. Srinivasan & Co, Chartered Accountants, Statutory Auditors regarding "Sources & deployment of funds";
8. Letter of offer dated September 16, 2015 issued by our Company in respect of preceding rights issue made by our Company.
9. Due Diligence Certificate dated December 01, 2016 by Keynote Corporate Services Ltd., Lead Manager to the Issue;

10. In-principle listing approval dated [●] from BSE and NSE respectively;

11. Observation letter no. [●] dated [●] received from SEBI and Compliance letter dated [●] by Keynote Corporate Services Limited;

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

DECLARATION

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

Name	Signature
Mr. BO Jingen <i>Chairman & Managing Director</i>	Sd/-
Mr. Xiaohui Wu <i>Whole-time Director</i>	Sd/-
Mr. Nurani Krishnan Ramaswamy <i>Whole-time Director</i>	Sd/-
Mr. N Subramanian <i>Non-executive Independent Director</i>	Sd/-
Mr. Dilip Kulkarni <i>Non-executive Independent Director</i>	Sd/-
Ms. Nilima Ramrao Shinde <i>Non-executive Independent Director</i>	Sd/-
Mr. Xie Dongming <i>Chief Financial Officer</i>	Sd/-
Mr. Nirnoy Sur <i>Company Secretary & Compliance Officer</i>	Sd/-

Place: Chennai

Date: December 01, 2016