

Serial No.: [●]  
Addressed To: [●]

DOCUMENT CONTAINING DISCLOSURES AS PER SCHEDULE I OF SECURITIES & EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 AS AMENDED, PURSUANT TO SECTION 42 OF THE COMPANIES ACT, 2013 AND COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED AND AS APPLICABLE.



## SANMAR ENGINEERING SERVICES LIMITED

Our Company was incorporated on March 10, 1995, in Chennai, Tamil Nadu, India. Originally, the Company was incorporated as private limited company by the name of Septagon Holdings Private Limited. The name of Company was subsequently changed to, Sanmar Property Development Private Limited on August 05, 1997 at Madras, Tamil Nadu, India. Thereafter, the Company was converted from a private limited company to public limited company and changed its name to Sanmar Property Development Limited. Subsequently, on April 13, 2006, Sanmar Property Development Limited changed its name to Sanmar Maintenance Services Limited at Chennai. This name was subsequently changed to Sanmar Engineering Services Limited on July 17, 2006 at Chennai, Tamil Nadu. The CIN of our Company is U65993TN1995PLC030445.

**Registered and Corporate Office:** 9, Cathedral Road, Chennai - 600086, Tamil Nadu.

**Tel.:** +91 44 2812 8722/2812 8500; **Fax:** +91 44 2811 2627; **Email:** info@sesl.co.in

**Website:** www.sesl.co.in, **Contact Person:** M Raman, Compliance Officer

Draft Information Memorandum for issue of Debentures on a private placement basis dated April 18, 2016.

Issue of [●] listed, rupee denominated and principal protected fully redeemable non-convertible secured debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each ("Debentures" or "NCDs") for cash at par aggregating upto Rs. 1800,00,00,000 (Rupees One thousand Eight Hundred Crore only), on a private placement basis (the "Issue") by Sanmar Engineering Services Limited (the "Issuer" or "Company").

### BACKGROUND

This Draft Information Memorandum is related to the Debentures to be issued by Sanmar Engineering Services Limited on a private placement basis and contains relevant information and disclosures required for the purpose of issuance of the Debentures. Issue of Debentures as described under this Draft Information Memorandum has been authorised by the Issuer through a resolution passed by the Board of Directors of the Issuer on April 6, 2016 and by a resolution passed by the shareholders on April 7, 2016 in accordance with the provisions of the Companies Act, 2013, to the extent applicable and the rules made thereunder. The Debentures mentioned herein are not offered for sale or subscription to the public, but are being privately placed with a limited number of eligible investors. This Draft Information Memorandum should not be treated as an offer for sale or solicitation of an offer to buy the Debentures as prescribed herein by any person who has not been provided with a copy of the Draft Information Memorandum. This Draft Information Memorandum does not constitute an offer for sale or a solicitation of an offer to buy the Debentures as described herein from any person other than the person whose name appears on the cover page of this Draft Information Memorandum. No person, other than such person receiving a serially numbered copy of the Draft Information Memorandum, should treat the same as constituting an offer to sell or a solicitation of an offer to buy the Debentures. This Information Memorandum does not purport to contain all the information that any potential investor may require. Neither this Draft Information Memorandum nor any other information supplied in connection with the Debentures is intended to provide the basis of any credit or other evaluation and any recipient of this Draft Information Memorandum should not consider such receipt a recommendation to purchase any Debentures.

The distribution of the Draft Information Memorandum and offer and sale of Debentures in certain jurisdictions may be restricted by law. It does not constitute an offer for sale or solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such state or jurisdiction.

### RISKS IN RELATION TO THE ISSUE

Investment in debt and debt related securities involves a degree of risk and investors should not invest any funds in debt instruments, unless they can afford to take the risk attached to such investment. No assurance can be given regarding an active or sustained trading in the securities of the Company or regarding the price at which the securities will be traded after listing. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, the investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures. The Issue being made on a private placement basis. The Issue has neither been recommended nor approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the

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| accuracy or adequacy of this document.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                               |
| <b>ISSUER'S ABSOLUTE RESPONSIBILITY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                               |
| The Issuer, having made all reasonable inquiries, accepts responsibility, for and confirms that this Draft Information Memorandum (including the documents incorporated by reference herein, if any) contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the Draft Information Memorandum is true and correct in all material aspects and is not misleading in any material respect that the opinions and intentions expressed there in are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.                                                                                                                                                                                                                               |                               |
| <b>CREDIT RATING</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                               |
| The Debentures proposed to be issued by the Issuer have been rated by Brickwork Ratings India Pvt. Ltd. The rating agency has vide its letter dated March 15, 2016 read with its letter dated April 13, 2016, affirmed a rating of BWR BBB- in respect of the Debentures. The above rating is not a recommendation to buy, sell or hold Debentures and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating obtained is subject to revision at any point of time in future. The assigning rating agency has the right to suspend or withdraw the rating on the basis of any new information, future developments etc. Please refer to Annexure II of the Draft Information Memorandum for letter dated March 15, 2016 and April 13, 2016 from Brickwork Ratings India Pvt. Ltd. affirming the credit rating mentioned above. |                               |
| <b>LISTING</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                               |
| The NCDs are proposed to be listed on the Wholesale Debt Market segment of BSE Limited (the "BSE"). The BSE has given its 'in-principle' approval to list the NCDs by letter no. [●] dated [●]. Please refer Annexure V of the Draft Information Memorandum for a copy of the in-principle approval letter dated [●] issued by BSE. In case the NCDs issued are not listed within 15 days from Deemed Date of Allotment, the Company shall immediately redeem all the NCDs in full along with the applicable Redemption Premium together with any amounts due and payable in relation to the Debentures from the relevant Deemed Date of Allotment till the date of redemption.                                                                                                                                                                                                                                                                                                                    |                               |
| <b>Issue Schedule</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                               |
| Issue Opens on: [●]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Issue Closes on: [●]          |
| Pay-in Date: [●]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Deemed Date of Allotment: [●] |

The Issuer reserves the right to change the Issue Schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule. The Issue shall be subject to the terms and conditions of the Draft Information Memorandum and other documents in relation to the Issue.

| Lead Arrangers                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                          | Registrar and Transfer Agent                                                                                                                                                                                                                              | Debenture Trustee                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <b>INGA</b><br><b>Inga Capital Private Limited</b><br>Naman Midtown, 'A' Wing<br>21st Floor, Senapati Bapat Marg<br>Elphinstone (West)<br>Mumbai 400 013<br>Tel. No.: +91 22 4031 3489<br>Fax No.: +91 22 4031 3379<br>Email: project.shine@ingacapital.com<br>Website: www.ingacapital.com |  <b>IIFL</b><br><b>IIFL Holdings Limited</b><br>10th Floor, IIFL Centre<br>Kamala City,<br>Senapati Bapat Marg<br>Lower Parel (West)<br>Mumbai 400 013<br>Tel: +91 22 4646 4600<br>Fax: +91 22 2493 1073<br>Email: sanmar.ncd@iiflcap.com<br>Website: www.iiflcap.com | <b>Integrated Enterprises (India) Ltd.,</b><br>No. 1 Ramakrishna Street,<br>North Usman Road,<br>T Nagar, Chennai 600 017<br>Tel:+91 44 2814 0801-803<br>Fax : +91 44 2814 2479<br>Email: corpserv@intergratedindia.in<br>Website: www.integratedindia.in |  <b>IDBI trustee</b><br><small>IDBI Trusteeship Services Ltd</small><br><b>IDBI Trusteeship Services Ltd.,</b><br>"Asian Building"<br>Ground Floor,<br>17, R Kamani Marg,<br>Ballard Estate,<br>Mumbai 400 001<br>Tel: +91 22 40807022<br>Fax: +91 22 6631 1776<br>Email: amit@idbitrustee.com<br>Website: www.idbitrustee.com |
|                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                     |

Note: This Draft Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus. This is only an information brochure intended for private circulation and should not be construed to be a prospectus and/ or an invitation to the public for subscription to the Debentures under any law for the time being in force.

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## SECTION 1: DEFINITIONS AND ABBREVIATIONS

This Draft Information Memorandum uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below.

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Account                              | shall mean the escrow bank account bearing account number [●] opened, by and in the name of the Company, with the Escrow Agent which shall be operated in accordance with the Escrow Agreement;                                                                                                                                                                                                                                    |
| Allot/Allotment/Allotted             | shall, unless the context otherwise requires or implies mean the allotment of the Debentures pursuant to this Issue.                                                                                                                                                                                                                                                                                                               |
| Application Form                     | shall mean the application form set out in this Draft Information Memorandum for subscribing to the Debentures; and marked as Annexure IV.                                                                                                                                                                                                                                                                                         |
| Articles/ Articles of Association    | shall mean the Articles of Association of the Company.                                                                                                                                                                                                                                                                                                                                                                             |
| Beneficial Owner                     | shall mean the holders of the Debentures, in dematerialized form, whose name is recorded as such with the Depository                                                                                                                                                                                                                                                                                                               |
| Board/Board of Directors             | shall mean the Board of Directors of Sanmar Engineering Services Limited.                                                                                                                                                                                                                                                                                                                                                          |
| Business Day                         | shall mean a day (other than a Saturday or Sunday) on which banks are open for general business in Chennai, and Mumbai, India.                                                                                                                                                                                                                                                                                                     |
| Companies Act or Companies Act, 2013 | shall mean the Companies Act, 1956, to the extent not repealed and the Companies Act, 2013, to the extent notified, and all amendments or statutory modifications thereto or re-enactment thereof, except where otherwise expressly provided.                                                                                                                                                                                      |
| Company / Issuer Company             | shall mean Sanmar Engineering Services Limited                                                                                                                                                                                                                                                                                                                                                                                     |
| Credit Rating Agency                 | shall mean Brickwork Ratings India Pvt. Ltd., Mumbai                                                                                                                                                                                                                                                                                                                                                                               |
| Debentures/NCDs                      | shall mean [●] listed, rupee denominated and principal protected fully redeemable non-convertible secured debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each ("Debentures" or "NCDs") for cash at par aggregating upto Rs. 1800,00,00,000 (Rupees One thousand Eight Hundred Crore only), on a private placement basis (the "Issue") by Sanmar Engineering Services Limited (the "Issuer" or "Company").     |
| Depository                           | shall mean the depository with whom the Company has made arrangements for dematerialising the Debentures i.e. NSDL.                                                                                                                                                                                                                                                                                                                |
| Director(s)                          | shall mean Director(s) of the Issuer unless otherwise mentioned.                                                                                                                                                                                                                                                                                                                                                                   |
| Depositories Act                     | shall mean the Depositories Act, 1996, as amended from time to time.                                                                                                                                                                                                                                                                                                                                                               |
| Debenture Holder(s)                  | shall mean any holder of the Debentures, from time to time, each of whom fulfill the following requirements:<br>(i) persons who are registered as the Beneficial Owner in the Register of Beneficial Holders; or<br>(ii) persons who are registered as debenture holders in the Register of Debenture Holders;<br>and in the event of any inconsistency between sub paragraph (i) and (ii) above, sub paragraph (i) shall prevail. |
| Debenture Trustee                    | shall mean IDBI Trusteeship Services Limited, Mumbai                                                                                                                                                                                                                                                                                                                                                                               |
| Deemed Date of Allotment             | shall mean the date on which Allotment for the Issue is made, which shall be deemed date of Allotment.                                                                                                                                                                                                                                                                                                                             |
| Draft Information Memorandum         | shall mean the Draft Information Document dated April 18, 2016 which sets out the draft information regarding the Debentures being issued on a private placement basis and to be submitted to BSE Limited for in-principal approval.                                                                                                                                                                                               |
| Depository Participant/DP            | shall mean a depository participant as defined under the Depositories Act.                                                                                                                                                                                                                                                                                                                                                         |
| Debenture Trustee Agreement          | shall mean the Debenture Trustee Agreement executed between the Company and Debenture Trustee                                                                                                                                                                                                                                                                                                                                      |
| Debenture Trust Deed                 | shall mean the Debenture Trust Deed executed between Issuer and Debenture Trustee                                                                                                                                                                                                                                                                                                                                                  |
| Deed of Mortgage                     | shall mean the registered deed of mortgage to be executed by Chemplast Sanmar Limited in favour of the Debenture Trustee acting for and on behalf of and for the benefit of the Debenture Holders, relating to the creation of a second ranking pari-passu charge over the Mettur Land.                                                                                                                                            |
| DP ID                                | shall mean the Depository Participant Identification Number.                                                                                                                                                                                                                                                                                                                                                                       |
| EBITDA                               | shall mean Earnings before interest, tax, depreciation and amortization.                                                                                                                                                                                                                                                                                                                                                           |

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EBIT                           | shall mean the Earnings before interest and tax.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Eligible Investors             | shall mean the Investors as disclosed under section 7.13 of the Draft Information Memorandum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Equity Shares                  | shall mean the equity shares of the Company having face value of Rs. 10/- each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Financial Year/ F. Y.          | shall mean the period commencing on April 1 each year and ending on March 31 of the following year or such other period the Company may determine for complying with applicable law                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Group/ SHL Chemicals Group     | shall mean the Issuer Company and following entities: <ul style="list-style-type: none"> <li>• Sanmar Speciality Chemicals Limited;</li> <li>• Chemplast Sanmar Limited;</li> <li>• SHL Securities (Alpha) Limited;</li> <li>• Sanmar Holdings Limited;</li> <li>• Sanmar Group International Limited.</li> <li>• Sanmar Overseas Investments AG;</li> <li>• CAV-Nile AG;</li> <li>• Pharaoh International Limited;</li> <li>• Pharaoh Consolidations Limited;</li> <li>• Pharaoh Egyptian Holdings Limited;</li> <li>• Pharaoh Egyptian Investments Limited; and</li> <li>• TCI Sanmar Chemicals S.A.E.</li> </ul> |
| Information Memorandum         | shall mean the Information Memorandum dated [●] which sets out the information regarding the Debentures being issued on a private placement basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Issue                          | shall mean the Issue [●] listed, rupee denominated and principal protected fully redeemable non-convertible secured debentures of face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each ("Debentures" or "NCDs") for cash at par aggregating upto Rs. 1800,00,00,000 (Rupees One thousand Eight Hundred Crore only), on a private placement basis (the "Issue") by Sanmar Engineering Services Limited (the "Issuer" or "Company").                                                                                                                                                                            |
| N.A.                           | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| NSDL                           | National Securities Depository Limited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| PAN                            | Permanent Account Number.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| PAT                            | Profit after tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| PBT                            | Profit before tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Pay-in-Date                    | shall mean the date on which the subscribers shall make payment for subscription to the Debentures.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| PIK                            | shall mean, in relation to any debt, the payment of interest / coupon on the debt on a deferred basis at the time of maturity / prepayment of debt                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Memorandum of Pledge           | shall mean the deed to be executed by the Pledgors in favour of the Trustee for creating a first ranking exclusive pledge over 530,000 equity shares of the Company held by Greenvalley Investments (Alpha) Limited and its nominees.                                                                                                                                                                                                                                                                                                                                                                               |
| Pledgors                       | shall mean the following: <ul style="list-style-type: none"> <li>i) Greenvalley Investments (Alpha) Limited</li> <li>ii) Satya Narayan Nayak</li> <li>iii) P. V. Sriram</li> <li>iv) K Venkatasubramanian</li> <li>v) N Muralidharan</li> <li>vi) M Raman</li> </ul>                                                                                                                                                                                                                                                                                                                                                |
| Promoter(s)                    | shall mean the following: <ul style="list-style-type: none"> <li>i) Greenvalley Investments (Alpha) Limited</li> <li>ii) NS Family Investments Private Limited</li> <li>iii) NS Family Consolidations Private Limited</li> <li>iv) SHL Research Foundation</li> </ul>                                                                                                                                                                                                                                                                                                                                               |
| Record Date                    | shall mean , in relation to any date on which a payment has to be made by the Issuer in respect of the Debentures, the date that is 15 (fifteen) days prior to that payment date                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Register of Beneficial Holders | shall mean the register maintained by the Depository containing the name(s) of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               | the Debenture Holders.                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Register of Debenture Holders | shall mean the register of debenture holders of the Company to be maintained by the depository in accordance with the provisions of the Depositories Act, and regulations made thereunder and the regulations made by the SEBI and other statutory authorities from time to time                                                                                                                                                            |
| RBI                           | Reserve Bank of India                                                                                                                                                                                                                                                                                                                                                                                                                       |
| R&T Agent                     | Integrated Enterprises (India) Limited                                                                                                                                                                                                                                                                                                                                                                                                      |
| ROC                           | Registrar of Companies, Chennai                                                                                                                                                                                                                                                                                                                                                                                                             |
| Rs./Rupees/INR                | Indian National Rupee                                                                                                                                                                                                                                                                                                                                                                                                                       |
| RTGS                          | Real Time Gross Settlement                                                                                                                                                                                                                                                                                                                                                                                                                  |
| SEBI                          | Securities and Exchange Board of India                                                                                                                                                                                                                                                                                                                                                                                                      |
| SEBI Debt Listing Regulations | shall mean the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008, as amended                                                                                                                                                                                                                                                                                                                   |
| Stock Exchange                | BSE Limited                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| TDS                           | Tax Deducted at Source.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Transaction Documents         | shall mean the Draft Information Memorandum, Debenture Trust Deed, the Debenture Trustee Agreement, Debenture Subscription Agreement, Deed of Mortgage, Deed of Hypothecation, the Escrow Agreement, the Memorandum of Pledge, any instrument required to create security over the properties, any instruments or documents mutually agreed between the Company and the Debenture Trustee (acting in accordance with approved instructions) |
| WDM Segment                   | Wholesale Debt Market Segment of the BSE Limited.                                                                                                                                                                                                                                                                                                                                                                                           |
| We/us/our                     | Shall unless the content otherwise requires mean the Issuer and/or its subsidiary(ies) as the case may be.                                                                                                                                                                                                                                                                                                                                  |

## SECTION 2: DISCLAIMERS

### 2.1 Issuer's Disclaimer

The Draft Information Memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of a prospectus under the Companies Act. The issue of the Debentures to be listed on the WDM segment of the Stock Exchange is being made strictly on a '*private placement*' basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Draft Information Memorandum does not constitute and shall not be deemed to constitute an offer or invitation to subscribe to the Debentures to the public in general.

This Draft Information Memorandum is intended for private use and should not be construed to be a prospectus and/or an invitation to the public or a section of the public so as to constitute a public offer for subscription to the Debentures under any law for the time being in force.

This Draft Information Memorandum has been prepared in conformity with the SEBI Debt Listing Regulations and Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014. This Draft Information Memorandum has been prepared solely to provide general information about the Issuer to Eligible Investors to whom it is addressed and who are willing and eligible to subscribe to the Debentures. Further, this Draft Information Memorandum has been prepared for informational purposes relating to the Issue only and upon the express understanding that it will be used only for the purposes set forth herein.

As per the provisions of Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014: the Company is required to

- (i) issue a private placement offer letter in Form PAS-4, in respect of this issuance;
- (ii) keep a complete record of the private placement offers, in Form PAS-5;
- (iii) within 30 days of the circulation of the private placement letter of offer in PAS-4, file the records maintained in PAS-5 and the private placement letter of offer in PAS-4 with the Registrar of Companies (along with fee as provided in Companies (Registration Offices and Fees) Rules, 2014) and the SEBI.

The Issuer confirms that, as of the date hereof, this Draft Information Memorandum (including the documents incorporated by reference herein, if any) contains all the information that is material in the context of the Issue and regulatory requirements in relation to the Issue and is accurate in all such material respects. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Draft Information Memorandum or in any material made available by the Issuer to any potential Investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having being authorized by the Issuer. The Issuer certifies that the disclosures made in this Draft Information Memorandum are adequate and in conformity with the SEBI Debt Listing Regulations and Companies Act.

Each copy of the Information Memorandum to be circulated shall be serially numbered. The Information Memorandum and the contents thereof are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the Issuer and only such recipients are eligible to apply for the Debentures. All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this Issue. The contents of the Information Memorandum shall be intended to be used only by those Investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient. Each recipient of this Draft Information Memorandum acknowledges that such person has not relied on the Issuer or any of its affiliates, shareholders, directors, employees, agents or advisors in connection with its investigation of the accuracy of such information or its investment decision and such person has relied solely on its own examination of the creditworthiness of the Issuer and the merits and risks involved in investing in the Debentures.

No invitation is being made to any persons other than those to whom Application Form along with the Information Memorandum being issued shall be sent. Any application by a person to whom the Information Memorandum will not be sent by the Issuer shall be rejected without assigning any reason.

The person who is in receipt of this Draft Information Memorandum shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents hereof. The recipient

agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the Issue, any specific pricing information related to the Issue. This Draft Information Memorandum may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the Issuer. Upon request, the recipients will promptly return all material received from the Issuer (including this Draft Information Memorandum) without retaining any copies hereof. If any recipient of the Information Memorandum decides not to participate in the Issue, that recipient must promptly return the Information Memorandum and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the Issue to the Issuer. Such person has been afforded an opportunity to request and to review and has received all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein and such person has not relied on any intermediary that may be associated with issuance of Debentures in connection with its investigation of the accuracy of such information or its investment decision.

The Issuer does not undertake to update the Draft Information Memorandum to reflect subsequent events after the date of Draft Information Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

Neither the delivery of this Draft Information Memorandum nor any sale of Debentures made hereafter shall by itself, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Draft Information Memorandum does not constitute, nor may it be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is un-lawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Draft Information Memorandum in any jurisdiction where such action is required. Persons into whose possession this Draft Information Memorandum comes are required to inform themselves about and to observe any such restrictions. The Draft Information Memorandum is made available to potential Investors in the Issue on the strict understanding that it is private and confidential.

The Company, Promoters and its Directors have not been prohibited from accessing the capital or financial market under any order or directions passed by SEBI or RBI or any regulatory authority.

## 2.2 Disclaimer Clause of Stock Exchange

As required, a copy of this Draft Information Memorandum has been submitted to Stock Exchange. The disclaimer clause as intimated by Stock Exchange to the Company, post scrutiny of this Draft Information Memorandum, shall be included in the Information Memorandum prior to the RoC filing.

## 2.3 Disclaimer Clause of SEBI

Within 30 days of the circulation of the Information Memorandum, the records maintained in PAS-5 and the private placement letter of offer in PAS-4 will be filed with the SEBI. The Debentures have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Draft Information Memorandum. It is to be distinctly understood that this Draft Information Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the Debentures issued hereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Draft Information Memorandum. However, SEBI reserves the right to take up at any point of time, with the Company, any irregularities or lapses in this Draft Information Memorandum.

## 2.4 Disclaimer of Lead Arrangers.

It is advised that the Company has exercised self due - diligence to ensure complete compliance including in relation to prescribed disclosure norms in this Draft Information Memorandum. The Lead Arrangers have neither scrutinized/vetted nor have they done any due - diligence for verification of the contents of this Information Memorandum. The Lead Arrangers shall use this document for the purpose of the soliciting subscription from eligible / qualified investors for the Debentures to be issued by the Company on private placement basis. It is to be distinctively understood that the aforesaid use of this document by the Lead Arranger should not in any way be deemed or construed that the document has been prepared, cleared, approved or vetted by the Lead Arranger nor do they in any manner warrant, certify or endorse the correctness or completeness of

any of the contents of this document; nor do they take responsibility for the financial or other soundness of the Issuer, its promoters its management or any scheme or project of the Company. The Lead Arrangers or any of their directors, employees affiliates or representatives do not accept any responsibility and/ or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this document.

## **2.5 Disclaimer in respect of Jurisdiction**

This Issue is made in India to investors as specified under the clause titled "Eligible Investors" of this Draft Information Memorandum, who shall be specifically approached by the Issuer. This Draft Information Memorandum does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. The Debentures are governed by and will be construed in accordance with Indian law. This private placement offer of Debentures is made in India to persons resident in India and non-residents as permissible. Nothing in this Draft Information Memorandum shall constitute and/or deem to constitute an offer or an invitation to an offer, to be made to the Indian public or any section thereof, at large, through this Draft Information Memorandum, and this Draft Information Memorandum and its contents should not be construed to be a prospectus under the Companies Act. This Draft Information Memorandum does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

## **2.6 Disclaimer in respect of Credit Rating Agency**

Please refer "Annexure II: Rating Rationale".

## **2.7 Issue of Debentures in Dematerialised Form**

The Debentures will be issued only in dematerialised form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialised form. Investors will have to hold the Debentures in dematerialised form as per the provisions of the Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its Depository Participant. The Issuer will make the allotment to Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realisation of the application money.

## **2.8 Debentures are 'Secured' Debentures under rule 18 of the Companies (Share Capital and Debentures) Rules, 2014.**

## **CAUTIONARY NOTE**

This Draft Information Memorandum is not intended to provide the sole basis of any credit decision or other evaluation and should not be considered as a recommendation that any recipients of this Draft Information Memorandum should invest in the Debentures proposed to be issued by the Company. Each potential investor should make its own independent assessment of the investment merit of the Debentures and the Company. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstance. This Draft Information Memorandum is made available to potential investors on the strict understanding that it is confidential. Recipients shall not be entitled to use any of the information otherwise than for the purpose of deciding whether or not to invest in the Debentures.

The distribution of this Draft Information Memorandum or the Application Forms and the offer, sale, pledge or disposal of the Debentures may be restricted by law in certain jurisdictions. This Draft Information Memorandum does not constitute an offer to sell or an invitation to subscribe to the Debentures in any jurisdiction to any person to whom it is unlawful to make such offer or invitation in such jurisdiction. Persons into whose possession this Draft Information Memorandum comes are required by the Company to inform themselves about and observe any such restrictions. The sale or transfer of these Debentures outside India may require regulatory approvals in India, including without limitation, the approval of the RBI.

## SECTION 3: FORWARD LOOKING STATEMENTS AND RISKS ENVISAGED BY MANAGEMENT

### Forward Looking Statements

The Information Memorandum contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “shall”, “will”, “will continue”, “will pursue”, “would”, “will likely result”, “is likely”, “expected to”, “will achieve”, “contemplate”, “seek to”, “target”, “propose to”, “future”, “goal”, “project”, “should”, “can”, “could”, “may”, “in management’s judgment” or other words or phrases of similar import or variations of such expressions. These statements are primarily meant to give Investors an overview of the Company’s future plans, as they currently stand. Further, the plans are not static, but are subject to continuous internal review, and may be altered.

All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others, general economic and business conditions in India and abroad;

### Risk Factors

The following are the risks envisaged by the management, and the investors should carefully consider the risks described below before making an investment decision. Risks have been quantified, wherever possible. If any of the following risks actually occur, the Company’s business, financial condition and results of operations could suffer, the value of the Company’s debt securities could decline.

#### Risks Relating To the SHL Chemicals Group

##### **A. INTERNAL RISK FACTORS**

- 1) This Draft Information Memorandum includes certain unaudited financial information, which has been subject to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.**

This Draft Information Memorandum includes certain unaudited financial information in relation to our Company, for nine months period ended December 31, 2015, in respect of which the Statutory Auditors of our Company have issued their Limited Review Report dated April 15, 2016. As this financial information has been subject only to limited review and not to an audit, any reliance by prospective investors on such unaudited financial information for nine months period ended December 31, 2015 should, accordingly, be limited. Accordingly, prospective investors in the Issue are advised to read such unaudited financial information for nine months ended December 31, 2015 in conjunction with the audited financial information provided in this Draft Information Memorandum under “Section 5 – Summary of Financial Statements”.

- 2) We have and will continue to enter into certain transactions with related parties. Any transaction with related parties may involve conflicts of interest.**

We have entered into transactions with several related parties, as set out in Annexure VI in accordance with applicable laws. We can give no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future, in accordance with applicable laws. 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. The transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest.

- 3) We will continue to be controlled by our Promoters and they will continue to have the ability to exercise significant control over us. We cannot assure you that exercise of control by our Promoters will always favour our best interest.**

Our Promoters exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. By exercising their control, our Promoters could delay, defer or cause a change of our control or a change in our capital

structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us which may not favour our best interest.

**4) We are exposed to various operational risks, including the risk of fraud and other misconduct by employees or outsiders.**

We are exposed to various operational risks such as fraud or misconduct by our employees or by an outsider, unauthorized transactions by employees or third parties, misreporting of and noncompliance with various statutory and legal requirements and operational errors. Any instance of employee misconduct, fraud or improper use or disclosure of confidential information could result in regulatory and legal proceedings which if unsuccessfully defended, could materially and adversely affect our business, future financial performance and results of operations.

**5) We are significantly dependent on our management team and our ability to attract and retain talent. Loss of any member from our management team can adversely affect our business and results of operation.**

We are significantly dependent upon a core management team which oversees the day-to-day operations, strategy and growth of our businesses. Many of the key management personnel have been with us for a long time and have been integral to our development. Our success is largely dependent on the management team which ensures the implementation of our strategy. If one or more members of our core management team are unable or unwilling to continue in their present positions, such persons may be difficult to replace, and our business and results of operation could be adversely affected.

**6) We experienced net negative operating cash flow for the financial year 2014 and 2015. Any negative operating cash flows in the future could adversely affect our results of operations and financial condition.**

For the Financial years 2014 and 2015, we had a net negative operating cash flow of Rs. 6,246,730 and Rs.15,494,883 respectively. If we experience any negative cash flow in the future, this could adversely affect our results of operations and financial condition. For further details, please refer to the section titled "Section 5: Summary of Financial Statements" on page 35.

**7) We have experienced significant losses during the last three Fiscal Years, which has adversely affected our business, financial condition, cash flows and results of operations.**

We suffered a net loss of Rs. 94,92,21,038 for the Fiscal Year 2015 as compared to a net loss of Rs. 63,43,24,885 for the Fiscal Year 2014 and a net loss of Rs. 33,49,46,189 for the Fiscal Year 2013. The net loss for the nine months period ended December 31, 2015 was Rs. 1,22,84,84,358. As at March 31, 2015 and December 31, 2015, we had negative Shareholders' Funds of Rs. 1,82,95,71,020 and Rs.3,05,80,55,378, respectively. The deterioration of our business has been the result of a number of factors, including the Company's investments, which constitutes a significant part of its assets, have not yet yielded returns and consequently the Company has not been able to set off its borrowings cost, and hence has been incurring losses, in particular, over the last three years.

No assurance can be given that the difficulties experienced in recent years will not continue to adversely impact our results of operations and cash flow position in the future or that the operational losses will not continue in the future.

**8) We will continue to have substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect its financial condition.**

As at March 31, 2016, as per the management records, we had outstanding total debt of Rs.802,62,41,844. We continue to have a substantial amount of indebtedness and may incur substantial additional indebtedness in the future.

The substantial indebtedness could:

- increase vulnerability to adverse general economic and industry conditions;

- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in its businesses and the industry in which we operates;
- limit, along with the financial and other restrictive covenants of indebtedness, among other things, our ability to borrow additional funds;
- increase the cost of additional financing or restrict access to additional financing; and
- lead to liquidity challenges which could result, in reduced revenue due to difficulty in obtaining short term financing to fund new projects.

If we are able to raise additional finance in the future, we may from time to time incur substantial additional indebtedness and contingent liabilities. Any such indebtedness could increase the risks that we face as a result of its already substantial indebtedness and leverage.

**9) *The unexpected loss, shutdown or slowdown of operations at our manufacturing facilities could have a material adverse effect on our results of operations and financial condition.***

PVC manufacturing is a chemical process with several competing industrial design methods currently employed by different global players. We have entered into a technology agreement with Ineos Technologies (Vinyls) for the 200,000 tonnes per annum grassroots PVC plant. We have also received the process design package from Ineos Technologies.

In the last couple of years, we have at one of our plants faced issues attributable to a technical fault with the PVC dryer and centrifuges. As a result, the plant was not able to meet forecasted production volumes. While we have initiated remedial measures, similar issues that may arise in operation of a chemical plant may affect the volume of production and utilisation of installed capacity.

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. The occurrence of any of these risks could affect our operations by causing production at one or more facilities to shutdown or slowdown. No assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on our results of operations and financial condition.

**10) *An inability to effectively manage project execution and milestone schedules may lead to project delays which may adversely affect our business and results of operations.***

The PVC project - Phase II of TCI Sanmar Chemicals SAE is expected to require an execution period of approximately 24 months from commencement of implementation. Any change in delivery schedule or other external factors may cause delay in the implementation of the project with the consequential cost overrun and other consequential losses. In case the expected timelines are not achieved it will adversely affect our financials and results of operations.

**11) *We operate in an intensely competitive environment and our inability to compete effectively may adversely affect our cash flows, business, results of operations and financial condition.***

We operate in a competitive environment. Players in product segments to which we cater, generally compete with each other on key attributes such as quality of products, pricing and track record, distribution channels, logistics facilities, technical support to customers and overall credibility. We cannot assure you that we can continue to compete effectively with our competitors in the future, and failure to compete effectively may have an adverse effect on our cash flows, business, results of operations and financial condition.

**12) *We are dependent on a few suppliers for our raw materials and shortages or interruptions or fluctuations in the supply or prices of products from third party vendors could increase costs or reduce our revenue.***

The supply of raw materials for our products is based primarily on forecasts and requirements prepared by us. The prices of feedstocks such as VCM, Ethylene and other raw materials that we purchase from their suppliers may fluctuate due to changes in demand and supply conditions for these raw materials in the respective domestic and international markets. We have no control over fluctuations in the price and availability of raw materials. If we are not able to obtain requisite quantities of quality raw materials or ingredients at commercially reasonable prices and on a timely basis, our business could be adversely affected. While we try to mitigate the risk of failure of continuous supply and price inflation, there is no guarantee that we will always be able to mitigate this risk and maybe required to pay higher than anticipated prices. In addition, there may be instances of natural calamities or other force majeure events which may disrupt the supply of raw materials. Risks such as supply stoppage, inadequate forecast of requirements or price increases in key raw materials, weather disruptions, disruptions in foreign supplies, are conditions beyond our control. A disruption in raw material supply would affect the production schedule of our products and profitability may be seriously affected in the event of any disruption of supply of raw materials or if we are unable to procure an alternative supply on a timely basis or at similar prices. Further, in the event of any significant increase in the prices of these raw materials and if we are unable to pass on such increase in the prices to our customers, our profitability will be adversely affected.

**13) *Adverse fluctuations in crude oil prices may adversely affect our financial conditions***

Global crude oil prices have shown significant price volatility which has made it difficult to forecast the prices with a certain degree of accuracy. The prices are driven by many factors like economic recession, end-use consumption, oversupply, geo-political uncertainties, and growing OPEC dependencies among many others.

The prices has a direct bearing on the ethylene prices which is a key feedstock in the PVC production process and directly impact the PVC margins.

A lot of PVC industry is back-integrated into VCM due to its hazardous nature and cost of transporting VCM. Hence integrated producers value VCM at transfer price leading to ethylene and chlorine prices having more influence on PVC price than the merchant market price of VCM. Since ethylene prices are influenced by global crude oil prices, PVC prices also get indirectly affected. Thus, any adverse fluctuations in crude oil prices may adversely affect our financial conditions.

**14) *Our operations are subject to environmental and health related laws and regulations. Compliance with such laws and regulations may be expensive and any non-compliance exposes us and our directors and key personnel to criminal liability.***

Our production operations are subject to laws and regulations, in particular environmental and health related laws and regulations in India. Under these laws and regulations, we are required to control the use of as well as restrict the discharge or disposal of hazardous or environmentally objectionable by-products of our production process. If we breach or fail to comply with these laws and regulations, penalties or fines may be imposed on us, our directors and officers responsible for such breach or non compliance and may also be subjected to imprisonment. Further our manufacturing licenses may be suspended, withdrawn or terminated in the event of such breach or non-compliance thereby disrupting our operations. Should these penalties or fines be significant or should any of our manufacturing licenses be suspended, withdrawn or terminated, our business will be adversely affected. If there are new regulations or laws imposed, we may incur additional expenditure or costs or we may be required to acquire additional equipment in order to comply with such new laws or regulation. Where such expenditure or costs are significant, our profitability will be adversely affected

**15) *We are subject to foreign currency exchange rate fluctuations which could have a material adverse effect on our financial conditions.***

We incur expenses in foreign currencies during the normal course of business. Such expenses are incurred in purchasing products from our global suppliers at prices which are mutually agreed upon. Further, on the export of our products we receive sale proceeds in foreign currency. Changes in the value of currencies with respect to the Rupee may cause fluctuations in our operating results expressed in Rupees and a possible appreciation of the foreign currencies with respect to the Rupee may have an unfavorable impact on such

results in case of purchase of raw material from global players and vice versa in case of fall in the value of the foreign exchange for the purpose of receive sale proceeds for sale of goods. In the course of normal business, we may cover foreign exchange risks using standard market instruments, however, we cannot assure that we will be able to effectively mitigate the adverse impact of currency fluctuations on our operating results.

## **B. EXTERNAL RISK FACTORS**

### **1) Political instability or changes in the Government in India or in the Government of the states/foreign Countries where we operate could cause us significant adverse effects.**

Most of our Groups' operations, assets and personnel are located in India and Egypt. Consequently, performance and the market price and liquidity of the NCDs may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting such countries. The government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Liquidity of our NCDs may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting such countries. A significant change in the government's policies could adversely affect our business, financial condition and results of operations and could cause the price of our NCDs to decline.

### **2) Regional hostilities, terrorist attacks, civil disturbances or social unrest, regional conflicts could adversely affect the financial markets and the trading price of our NCDs could decrease.**

Certain events that are beyond our control, such as terrorist attacks and other acts of violence or war, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy.

India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country leading to overall political and economic instability, it could have a materially adverse effect on our business, future financial performance, results of operations and the trading price of the NCDs. Further there has been recent history of political uncertainty in Egypt and a resultant negative impact on infrastructure investments and PVC demand.

### **3) Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.**

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees in past. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

## **Risks Relating to the Debentures and the Issue**

### **1) Security maybe insufficient to redeem the Debentures**

The Debentures are proposed to be secured by the security described in "Issue Details", attached along with as Annexure I hereto. In the event that the Company is unable to meet its payment and other obligations towards potential investors under the terms of the Debentures, the Debenture Trustee may enforce the security. The potential investors' recovery in relation to the Debentures will be inter alia subject to (i) the market value of the security; and (ii) finding a willing buyer for the security at a price sufficient to repay the amounts due and payable to the potential investors' amounts outstanding under the Debentures.

### **2) Repayment of principal is subject to the credit risk of the Company.**

Potential investors should be aware that receipt of the principal amount along with yield payable thereon and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the

Company and the potential investors assume the risk that the Company may not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Company, the payment of sums due on the Debentures may be substantially reduced or delayed.

**3) An active trading market may not develop for the Debentures.**

The Debentures are new securities for which there is no existing trading market. It is not possible to predict if and to what extent a secondary market may develop, or at what price the Debentures will be sold or purchased in the secondary market or whether such market will be liquid or illiquid. The more limited the secondary market is, the more difficult it may be for holders of the Debentures to realize value for the Debentures prior to redemption. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

**4) Downgrade in Credit Rating**

Brickworks Ratings India Private Limited have assigned a rating of BWR BBB- to the Debentures vide its letter dated March 15, 2016 read with its letter dated April 13, 2016.

The rating is not a recommendation to purchase, hold or sell the Debentures in as much as the ratings do not comment on the market price of the Debentures or its suitability to a particular investor. There is no assurance either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the Rating Agency. In the event of deterioration of the rating of the Debentures, the Investors may have to take loss on revaluation of their investment.

**5) Accounting Considerations, Legal Considerations and Tax Considerations**

Special accounting considerations, tax considerations and legal considerations may apply to certain types of investors which may not be true for the other categories of investors. Accordingly, the degree to which the financial information included in this Draft Information Memorandum will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI Debt Regulations.

**6) Material changes in regulations to which the Company is subject could impair the Company's ability to meet payment or other obligations.**

The Company is subject generally to changes in Indian Law, as well as to changes in government regulations and policies and accounting principles. Any changes in the regulatory framework could adversely affect the profitability of the Company or its future financial performance, by requiring a restructuring of its activities, increasing costs or otherwise.

**7) There is no guarantee that the NCDs issued pursuant to this Issue will be listed on BSE in a timely manner, or at all.**

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of NCDs to be submitted. There could be a failure or delay in listing the NCDs on the Stock Exchange. Any failure or delay in obtaining the approval would restrict an investor's ability to trade in the NCDs.

## SECTION 4: REGULATORY DISCLOSURES

The Draft Information Memorandum is prepared in accordance with the provisions of the SEBI Debt Listing Regulations and Companies Act, 2013:

### 4.1. Documents Submitted to the Exchanges

The following documents will be submitted to the Stock Exchange along with the listing application:

- a) Memorandum and Articles of the Company and necessary resolution(s) for the allotment of the Debentures;
- b) Copy of audited annual report for financial years ended March 31, 2013, March 31, 2014, March 31, 2015 and limited reviewed financial statements for the nine months period ended on December 31, 2015;
- c) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- d) Copy of the Board Resolution and/or shareholders resolution, if any, authorizing the borrowing and list of authorized signatories;
- e) An undertaking from the Issuer stating that the necessary documents for the creation of the charge, where applicable, including the Debenture Trust Deed would be executed within the time frame prescribed in the relevant regulations/act/rules etc. and the same would be uploaded on the website of the Stock Exchange, where the Debentures have been listed, within 5 (five) Business Days of execution of the same;
- f) Any other particulars or documents that the Stock Exchange may call for as it deems fit;
- g) Undertaking that permission/consent from the prior creditor for a second or pari passu charge being created, in favour of trustees to the proposed issue has been obtained - In relation to creation of charge over the movable assets of the Company, the consent/ permission of prior creditor is not required. For creation of charges on properties of the subsidiaries the permission/consent from the prior creditor for a second or pari passu charge will be obtained as per timelines of Transaction Documents including Debenture Trust Deed.

### 4.2. Documents to be Submitted to the Debenture Trustee

The Issuer shall submit the following disclosures to the Debenture Trustee in electronic form at the time of allotment of the Debentures:

- a) Memorandum and Articles of Association and necessary resolution(s) for the allotment of the Debentures;
- b) Copy of audited annual report for financial years ended March 31, 2013, March 31, 2014, March 31, 2015 and limited reviewed financial statements for the nine months period ended on December 31, 2015 ;
- c) Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- d) Latest audited/limited review half yearly consolidated (wherever available) and standalone financial information (profit and loss statement, balance sheet and cash flow statement) and auditor qualifications, if any;
- e) An undertaking to the effect that the Issuer would, till the redemption of the Debentures, submit the details mentioned in paragraph (d) above to the Debenture Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009, as amended from time to time, for furnishing/ publishing its half yearly/ annual result.

Further, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all existing debenture-holders within two Business Days of their specific request.

### 4.3. Issuer Information

|      |                                                     |                                                                                                                                                                               |
|------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I.   | Name of the Issuer                                  | Sanmar Engineering Services Limited                                                                                                                                           |
| II.  | Registered office of the Issuer and contact details | 9, Cathedral Road, Chennai 600086,<br>Tamil Nadu, India.<br>Tel: +91 44 28128742<br>Fax: +91 44 2812627<br>Website: <a href="http://www.sesl.co.in">http://www.sesl.co.in</a> |
| III. | Corporate office of the Issuer                      | 9, Cathedral Road, Chennai 600086,<br>Tamil Nadu, India.<br>Tel: +91 44 28128742<br>Fax: +91 44 2812627<br>Website: <a href="http://www.sesl.co.in">http://www.sesl.co.in</a> |

|       |                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IV.   | Compliance officer for proposed private placement offer | Name: M Raman<br>Address: 9 Cathedral Road, Chennai 600086<br>Phone No.: +91 44 2812 8722<br>Fax No.: +91 44 2811 2627<br>E-mail: <a href="mailto:info@sesl.co.in">info@sesl.co.in</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| V.    | Lead Arrangers                                          | <p>Inga Capital Private Limited<br/>Naman Midtown, 'A' Wing; 21st Floor,<br/>Senapati Bapat Marg; Elphinstone (West);<br/>Mumbai 400 013<br/>Tel. No.: +91 22 4031 3489<br/>Fax No.: +91 22 4031 3379<br/>Email: <a href="mailto:project.shine@ingacapital.com">project.shine@ingacapital.com</a><br/>Website: <a href="http://www.ingacapital.com">www.ingacapital.com</a></p> <p>IIFL Holdings Limited<br/>10th Floor, IIFL Centre<br/>Kamala City,<br/>Senapati Bapat Marg<br/>Lower Parel (West)<br/>Mumbai 400 013<br/>Tel: +91 22 4646 4600<br/>Fax: +91 22 2493 1073<br/>Email: <a href="mailto:sanmar.ncd@iiflcap.com">sanmar.ncd@iiflcap.com</a><br/>Website: <a href="http://www.iiflcap.com">www.iiflcap.com</a></p> |
| VI.   | Trustee of the Issue                                    | IDBI Trusteeship Services Limited<br>Ground Floor, Asian Building,<br>17, R Kamani Rd, Ballard Estate, Fort,<br>Mumbai 400001<br>Tel: +91 22 4080 7000<br>Fax: +91 22 66311776<br>Email: <a href="mailto:amit@idbitrustee.com">amit@idbitrustee.com</a><br>Website: <a href="http://www.idbitrustee.com">www.idbitrustee.com</a>                                                                                                                                                                                                                                                                                                                                                                                                |
| VII.  | Registrar to the Issue                                  | Integrated Enterprises Limited<br>No. 1, Ramakrishna Street,<br>T Nagar, Chennai 600 017<br>Tel. No.: +91 44 2814 0801-803<br>Fax no.: +91 44 2814 2479<br>Email: <a href="mailto:corpserv@integratedindia.in">corpserv@integratedindia.in</a><br>Website: <a href="http://www.integratedindia.in">www.integratedindia.in</a>                                                                                                                                                                                                                                                                                                                                                                                                   |
| VIII. | Credit rating agency of the Issue                       | Brickwork Ratings India Pvt. Ltd.<br>3 <sup>rd</sup> Floor, Raj Alkaa Park<br>29/3 & 32/2, Kalena Agrahara,<br>Bannerghatta Road<br>Bangalore 560 076<br>Tel. No. +91 80 4040 9940<br>Fax no.: + 91 80 4040 9941<br>Email: <a href="mailto:kn.suvarna@brickworkratings.com">kn.suvarna@brickworkratings.com</a><br>Website: <a href="http://www.brickworkratings.com">www.brickworkratings.com</a>                                                                                                                                                                                                                                                                                                                              |
| IX.   | Statutory Auditor of the Issuer                         | Prasad & Srinath,<br>Chartered Accountants<br>New No.7, Ground Floor,<br>Abhiramapuram I Street<br>Chennai 600 018<br>Tel No.: +91 44 2498 2995<br>Email: <a href="mailto:prasad@sprasad.org">prasad@sprasad.org</a><br>Website: <a href="http://www.sprasad.org">www.sprasad.org</a>                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| X.    | Chief Financial Officer of the Issuer                   | Since the paid-up capital of the Company is less than Rs. 10 crore, Company is not required to appoint a Chief Financial Officer under the provisions of Companies Act, 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

**a) A brief summary of the business/activities of the Group:**

**(i) Main object of the Issuer Company:**

The Company was incorporated on March 10, 1995, in Tamil Nadu, India and is primarily engaged in the activities pertaining to repair of various engineering products, onsite maintenance services, trading in various engineering products. The main object of the Company as per the Memorandum of Association is:

- a) To provide all types of maintenance services in plant and otherwise.
- b) To manufacture, buy, sell service, repair, import, export, distribute, lease, deal and trade in all types of Micro Processor based systems, data, communication equipments, terminal automation system, SCADA Systems, Specialised Bulk loading equipments, electronic weighing systems, parts, spares, accessories, sub-assemblies of all kinds and description to be used in connection therewith.
- c) To service, repair, maintain, design, test, erect, purchase, sell, lease, distribute, import, export, stock; take on lease, deal and trade in various types of engineering products with related spare's and accessories of various applications and parts, components, accessories and sub-assemblies used in the manufacture thereof.
- d) To purchase, take on lease or in exchange, hire or otherwise acquire and to hold, lease, sell, develop and deal in any movable or immovable properties, patents, licences, rights, or privileges and turn them to account.

**(ii) Business Overview of SHL Chemicals Group**

- (a) The Company is presently engaged in the business of providing customer support and services for engineering products. The Company also undertakes on-site maintenance contracts for certain engineering products, accessories and equipment. The services are delivered through a network of service and repair centers and through plant - site operations. The Company is also engaged in the business of dealing in the products manufactured by other companies mainly by way of export of engineering products to TCI Sanmar Chemicals S.A.E., Egypt. The Company will be funding the requirements of SHL Chemicals Group entities of which it is the holding company.
- (b) The business overview of the SHL Chemicals Group entities i.e. Chemplast Sanmar Limited, Sanmar Speciality Chemicals Limited and TCI Sanmar Chemicals SAE are given hereunder:

• **Chemplast Sanmar Limited:**

Chemplast Sanmar Limited (CSL) is the successor company of Chemicals and Plastics India Limited incorporated in the year 1962, under Companies Act 1956. Initially, the Company started as a single product company and started manufacturing PVC resins during 1967. CSL is a major manufacturer of PVC resins, Caustic Soda, Chloromethanes and Refrigerant gas.

Details of the manufacturing facilities of CSL are as follows:

| Product              | Production capacity                                        | End Use Segments                                                                                                                       |
|----------------------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Suspension Grade PVC | Cuddalore, Tamil Nadu:<br>3,00,000 TPA;                    | Pipes; Wires & Cables,<br>Calendaring, Films and Sheets.                                                                               |
| Paste Grade PVC      | Mettur: 66,000 TPA                                         | Leather cloth (used in<br>automobile upholstery,<br>footwear), coir mats, wall<br>covering, tarpaulin, conveyor<br>belts               |
| Caustic Soda         | Mettur: 67,275 TPA<br>Karaikal, Pondicherry: 51,750<br>TPA | Caustic: Textiles, Alumina,<br>Paper, organic and inorganic<br>chemical industry<br>Chlorine: Captive Use for<br>chloromethane and EDC |
| Chloromethane        | Mettur: 35,000 TPA                                         | Used in various chemical<br>process industries, for                                                                                    |

| Product                                           | Production capacity                                           | End Use Segments                                           |
|---------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------|
|                                                   |                                                               | refrigerants and in Pharma industry                        |
| Power                                             | Mettur: 48.5 MW Coal-fired<br>Karaikal: 10.5 MW gas based     | Captive use for PVC and Caustic; excess sold               |
| Ethylene Di-chloride (EDC)                        | Karaikal- 84,000 TPA (DC-EDC)<br>Mettur – 25000 TPA (Oxy-EDC) | Captive use for VCM manufacture at Mettur                  |
| Industrial Alcohol – Intermediate of PVC process  | Panruti, Cuddalore district: 21 million litres p.a            | Captive use for ethylene manufacture at Mettur             |
| Industrial Salt – Intermediate of Caustic process | Vedaranyam, Nagapattinam district, Tamil Nadu: 300,000 TPA    | Captive use for caustic manufacture at Mettur and Karaikal |

### **PVC Business**

#### **Cuddalore – Suspension PVC:**

CSL has a 300,000 TPA PVC manufacturing capacity at Cuddalore district in Tamil Nadu – this is based on Imported VCM - imported through captive Marine Terminal Facility (MTF). This was implemented as a green-field project of 170,000 TPA and the plant was commissioned in September 2009. The capacity was subsequently enhanced to 260,000 TPA through debottlenecking and process improvements. The Company recently obtained approval from TNPCB for further enhancement to 300,000 TPA and the debottlenecking of the capacity to 300,000 TPA.

#### **Mettur – Paste PVC:**

CSL has an integrated facility at Mettur (150 km north-east from Coimbatore and 40 km south-west from Salem) to produce 66,000 TPA of Paste PVC. Capacity was expanded to 66,000 tons in 2014. The Mettur plant has backward integration up to the alcohol stage, and can choose to produce ethylene (at Mettur), or import ethylene (at Karaikal) and produce EDC (at Mettur and Karaikal), or import EDC and produce VCM (at Mettur). This flexibility enables operational decisions to be changed frequently based on pricing dynamics and thereby helps in improving the margins.

#### **Karaikal**

With the intention of achieving self sufficiency in feedstock, the company completed a strategic acquisition in 2003, of a Chloralkali plant at Karaikal, and ramped up the plant capacity. We have also put up a downstream EDC plant of 84,000 TPA capacity, which utilizes the captive chlorine from the chloralkali plant.

### **Chlorochemicals division**

- The Chlorochemicals Division of Chemplast manufactures a wide range of products using a highly integrated manufacturing process. The salt needed for chlorine manufacture is supplied by CSL's own salt fields at Vedaranyam, Nagapattinam district, Tamil Nadu.
- The electrolysis process of manufacturing chlorine is power-intensive; Chemplast has set up a captive 48.5 MW coal-fired power plant at Mettur to meet the power requirements of the Mettur complex. While majority of power is consumed captively, balance surplus power is sold to the grid / third parties.
- The caustic plant at Mettur was a mercury-cell based plant which has been converted into the environment friendly and power efficient membrane-based plant with capacity of 67,000 TPA of Caustic soda.

d) To effectively utilise chlorine, CSL has put up production capacity of 35,000 TPA of Chloromethane products (CMP). CMP essentially refers to Methyl chloride, Methylene chloride, Chloroform and Carbon tetra chloride. These are used in Pharmaceuticals, agrochemicals, PTFE and refrigerant gases. The main feedstocks for CMP are Methanol and Chlorine. Chlorine from the caustic process is utilized for this, while methanol is imported.

e) The company also has a small refrigerant gases business as well.

### **Caustic Soda division**

We believe, CSL is one of the large Caustic Soda manufacturer in South India with capacity of 119 ktpa. CSL uses membrane technique for producing Caustic Soda plants at Karaikal and Mettur. Key feedstock i.e. salt and power for the plant, are largely procured on captive basis. Salt is sourced completely on captive basis from Vedaranyam facility. Power is sourced on captive basis at Mettur. At Karaikal, power is sourced partly from the captive source and rest from the grid. CSL has geographical advantage for its Caustic Soda units. Its plants are suited to serve major Alumina players coming up in the East Coast of India. Due to transportation economics, Caustic Soda is a regional play and being closer to the markets is beneficial to the company.

- **Sanmar Speciality Chemicals Limited**

Sanmar Speciality Chemicals Limited ("SSCL") is engaged in manufacturing and marketing of phytochemicals and organic chemicals and represents the SHL Group's speciality chemicals business. SSCL's significant part of its sales is by exports and it enjoys long term relationships with its customers SSCL operates through two divisions as discussed below:

### **Organic Chemicals division**

- a) Under the Organic chemical division, SSCL manufactures intermediates primarily for pharmaceutical and agro chemical industries.
- b) Organic Chemicals division constitutes a major part of the product revenues.
- c) SSCL has several new projects in pipeline aimed at product development across several sectors including Pharmaceuticals, Agrochemicals and Fine chemicals.
- d) SSCL is Independent from the large Indian generic players.
- e) Strong emphasis on research and technology and product & process development.

### **Phyto Chemicals division**

- a) Under the Phyto Chemicals division, SSCL manufactures primarily two APIs
- b) Major player in the manufacturing of APIs from bio feedstock
- c) Supplies into developed markets of US and Europe
- d) Successful approvals from key regulatory authorities – EU and France
- e) Has set up cGMP facilities for manufacture of these products

- **TCI Sanmar Chemicals SAE (TCI):**

TCI Sanmar Chemicals SAE, which was earlier known as Trust Chemical Industries, was incorporated on July 24, 2001 as an Egyptian limited liability Company. TCI operates large chlor-alkali facility in Egypt with a capacity of producing 200 ktpa of Caustic Soda. SHL chemicals acquired TCI in 2007.

In June 2010, TCI Sanmar was converted into a Joint Stock Company - TCI Sanmar Chemicals SAE. TCI is 100% owned by Sanmar Holdings Ltd (SHL) through a chain of subsidiary holding companies domiciled in India, Switzerland and the Cayman Islands.

Post the acquisition in 2007, TCI expanded the caustic soda plant to 275 ktpa capacity. It has also set up a PVC capacity of 200ktpa. However, since the intermediate capacities of chlorine and ethylene are designed to manufacture 400ktpa PVC, the company has embarked on an expansion plan to commission a 200 ktpa PVC capacity. With this expansion, TCI Sanmar will become one of the few global companies to have an integrated PVC production facility which gives it production and operational flexibility in the in-house production of the intermediary products.

Further, increase in the chlor-alkali production from 200 ktpa to 275 ktpa along with the installation of new calcium chloride plant will add to the product diversification.

The integrated production facility and synergies with adjacent sites reduce transportation cost and provides cost advantage vis-à-vis standalone players.

• **Other Subsidiaries:**

The other Companies in SHL Chemicals Group i.e. SHL Securities (Alpha) Limited, Sanmar Holdings Limited, Sanmar Group International Limited, Sanmar Overseas Investments AG, CAV-Nile AG, Pharaoh International Limited, Pharaoh Consolidations Limited, Pharaoh Egyptian Holdings Limited and Pharaoh Egyptian Investments Limited are investment holding companies and other than investments interse or in the three operating companies, have no other businesses or investments in other entities or significant other assets.

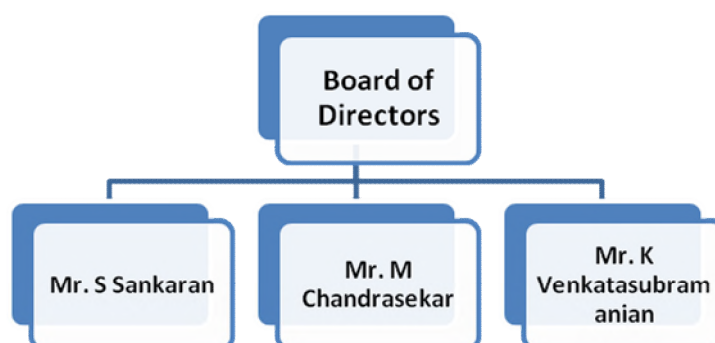
**(iii) Corporate Structure:**

Greenvalley Investments (Alpha) Limited is the holding company of the Issuer.

As on date the Company has following subsidiaries:

- Sanmar Speciality Chemicals Limited;
- Chemplast Sanmar Limited;
- SHL Securities (Alpha) Limited;
- Sanmar Holdings Limited;
- Sanmar Group International Limited.
- Sanmar Overseas Investments AG;
- CAV-Nile AG;
- Pharaoh International Limited;
- Pharaoh Consolidations Limited;
- Pharaoh Egyptian Holdings Limited;
- Pharaoh Egyptian Investments Limited; and
- TCI Sanmar Chemicals S.A.E.

**(iv) Management Structure:**



**(v) Key Operational and Financial Parameters of the Issuer Company standalone for the last three Audited financial years and period ended December 31, 2015:**

(Amount in Rs.)

| Parameters                            | Period ended December 31, 2015 <sup>(1)</sup> | Financial Year 2014-15 <sup>(2)</sup> | Financial Year 2013-14 <sup>(2)</sup> | Financial Year 2012-13 <sup>(2)</sup> |
|---------------------------------------|-----------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Networth <sup>(3)</sup>               | (3,05,80,55,378)                              | (1,82,95,71 020)                      | (88,03,44,042)                        | (24,60,19,157)                        |
| Total Debt                            | 8,02,62,41,844                                | 6,91,89,94,323                        | 5,24,71,75,163                        | 3,84,08,67,958                        |
| of which                              |                                               |                                       |                                       |                                       |
| - Non Current Maturities of Long Term | 5,50,00,00,000                                | 3,50,00,00,000                        | 3,50,00,00,000                        | 3,50,00,00,000                        |

| Parameters                                   | Period ended December 31, 2015 <sup>(1)</sup> | Financial Year 2014-15 <sup>(2)</sup> | Financial Year 2013-14 <sup>(2)</sup> | Financial Year 2012-13 <sup>(2)</sup> |
|----------------------------------------------|-----------------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Borrowing                                    |                                               |                                       |                                       |                                       |
| - Short Term Borrowing                       | -                                             | -                                     | 1,00,00,00,000                        | -                                     |
| - Current Maturities of Long Term Borrowing  | -                                             | -                                     | -                                     | -                                     |
| Net Fixed Assets                             | 2,528                                         | 2,528                                 | 11,611                                | 12,964                                |
| Non Current Assets <sup>(4)</sup>            | 27,28,19,496                                  | 5,01,17,01,905                        | 4,21,16,81,934                        | 3,45,32,76,515                        |
| Cash and Cash Equivalents                    | 25,68,839                                     | 2,27,80,053                           | 8,27,53,259                           | 7,64,52,166                           |
| Current Investments                          | -                                             | -                                     | -                                     | -                                     |
| Current Assets <sup>(5)</sup>                | 4,68,83,76,970                                | 7,07,31,398                           | 14,77,99,187                          | 13,80,52,286                          |
| Current Liabilities <sup>(6)</sup>           | 93,73,12,239                                  | 27,32,72,199                          | 1,17,24,10,381                        | 13,23,54,740                          |
| Net sales                                    | 3,51,95,014                                   | 4,49,90,755                           | 12,38,24,052                          | 6,09,56,355                           |
| EBITDA                                       | (1,76,19,453)                                 | (3,43,84,536)                         | (1,19,76,492)                         | 1,61,20,255                           |
| EBIT                                         | (1,76,19,453)                                 | (3,43,84,536)                         | (1,19,81,145)                         | 1,61,18,902                           |
| Interest                                     | 1,21,08,64,905                                | 91,44,73,359                          | 62,65,90,623                          | 34,83,49,876                          |
| PBT                                          | (1,22,84,84,358)                              | (94,88,57,895)                        | (63,85,71,768)                        | (33,22,30,974)                        |
| PAT                                          | (1,22,84,84,358)                              | (94,92,21,038)                        | (63,43,24,885)                        | (33,49,46,189)                        |
| Dividend amounts                             | -                                             | -                                     | -                                     | -                                     |
| Current ratio <sup>(7)</sup>                 | 5.00                                          | 0.26                                  | 0.13                                  | 1.04                                  |
| Interest coverage ratio <sup>(8)</sup>       | -                                             | -                                     | -                                     | 0.05                                  |
| Gross debt/equity ratio <sup>(9)</sup>       | -                                             | -                                     | -                                     | -                                     |
| Debt Service Coverage Ratios <sup>(10)</sup> | -                                             | -                                     | -                                     | 0.0032                                |

<sup>(1)</sup> Based on limited reviewed financial statements of the Company for the period ended December 31, 2015

<sup>(2)</sup> Based on audited financial statements of the Company

<sup>(3)</sup> Net worth = equity share capital + reserves and surplus

<sup>(4)</sup> Non Current Assets = Net fixed assets + non-current investments + other non-current assets+ long term loans and advances

<sup>(5)</sup> Current Assets = cash and cash equivalents + short term loans and advances

<sup>(6)</sup> Current Liabilities = other current liabilities + short term provisions

<sup>(7)</sup> Current ratio = current assets/ current liabilities

<sup>(8)</sup> Interest coverage ratio = Earnings before interest and Tax/ Interest

<sup>(9)</sup> Gross debt/equity ratio = Total Debt/ Networth

<sup>(10)</sup> Debt Service Coverage Ratio = (PAT + Interest + Depreciation)/ (Total debt + Interest)

#### Gross Debt Equity Ratio of the Company:-

| Parameters                     |                                                                  |
|--------------------------------|------------------------------------------------------------------|
| Before Issue of the Debentures | N.A. since the net worth/ EBITDA/ PAT of the Company is negative |
| After Issue of the Debentures  |                                                                  |

Related party transactions entered into by the Company in the last three audited accounts are as follows: Refer Annexure No VI

(vi) Project cost and means of financing: Not Applicable

(vii) Statement of the key financial information of the subsidiaries companies are furnished below:

- Chemplast Sanmar Limited

| Rs. Lakhs                        |                        |                        |                        |                                |
|----------------------------------|------------------------|------------------------|------------------------|--------------------------------|
| Parameters                       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2013-14 | Period ended December 31, 2015 |
|                                  | Audited                | Audited                | Audited                | Unaudited                      |
| <b>Profit and Loss Statement</b> |                        |                        |                        |                                |
| Revenue                          | 2,25,618               | 2,67,752               | 2,67,014               | 1,79,132                       |
| EBITDA                           | 25,583                 | 24,941                 | 18,497                 | 24,209                         |
| PBT                              | 1,148                  | (949)                  | (3,513)                | 7,036                          |
| PAT                              | 1,195                  | (787)                  | (2,550)                | 4,601                          |
| <b>Balance Sheet</b>             |                        |                        |                        |                                |
| Shareholder's Funds              | 25,945                 | 25,203                 | 22,420                 | 27,021                         |
| Total Loan Funds                 | 76,325                 | 33,973                 | 68,354                 | 71,042                         |
| Total Liabilities                | 1,91,761               | 1,85,690               | 2,03,970               | 2,00,809                       |
| Net Fixed Assets                 | 1,28,494               | 1,21,260               | 1,16,472               | 1,12,596                       |
| Investments                      | 75                     | 75                     | 75                     | 75                             |

- Sanmar Speciality Chemicals Limited

| Rs. Lakhs                        |                        |                        |                        |                                |
|----------------------------------|------------------------|------------------------|------------------------|--------------------------------|
| Parameters                       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2013-14 | Period ended December 31, 2015 |
|                                  | Audited                | Audited                | Audited                | Unaudited                      |
| <b>Profit and Loss Statement</b> |                        |                        |                        |                                |
| Revenue                          | 7,534                  | 10,003                 | 7,988                  | 5,732                          |
| EBITDA                           | 999                    | 2,473                  | 2,078                  | 1,591                          |
| PBT                              | (376)                  | 1,398                  | 1,488                  | 1,202                          |
| PAT                              | (256)                  | 932                    | 978                    | 722                            |
| <b>Balance Sheet</b>             |                        |                        |                        |                                |
| Shareholder's Funds              | 2,208                  | 3,140                  | 4,110                  | 4,832                          |
| Total Loan Funds                 | 4,077                  | 3,460                  | 1,602                  | 1,15,000                       |
| Total Liabilities                | 13,510                 | 14,425                 | 11,230                 | 1,24,457                       |
| Net Fixed Assets                 | 6,978                  | 6,525                  | 6,307                  | 6,146                          |
| Investments                      | -                      | -                      | -                      | 1,07,158                       |

- TCI Sanmar Chemicals SAE

| USD Million                      |                        |                        |                        |                                |
|----------------------------------|------------------------|------------------------|------------------------|--------------------------------|
| Parameters                       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2013-14 | Period ended December 31, 2015 |
|                                  | Audited                | Audited                | Audited                | Unaudited                      |
| <b>Profit and Loss Statement</b> |                        |                        |                        |                                |
| Revenue                          | 102.39                 | 140.21                 | 150.34                 | 120.76                         |
| EBITDA                           | 16.47                  | 22.96                  | 1.87                   | 7.19                           |
| PBT                              | (32.03)                | (26.26)                | (51.73)                | (51.00)                        |

|                      |         |         |         |         |
|----------------------|---------|---------|---------|---------|
| PAT                  | (32.82) | (27.22) | (71.31) | (51.00) |
| <b>Balance Sheet</b> |         |         |         |         |
| Shareholder's Funds  | 118.56  | 128.91  | 67.50   | 78.49   |
| Total Loan Funds     | 712.83  | 713.74  | 755.89  | 755.36  |
| Total Liabilities    | 916.39  | 967.98  | 985.22  | 958.16  |
| Net Fixed Assets     | 742.03  | 798.49  | 823.24  | 818.82  |
| Investments          | 65.00   | 65.00   | 65.00   | 65.00   |

- SHL Securities (Alpha) Limited**

**Profit and Loss Account for:**

**Amount (Rs.)**

| Particulars       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2014-15 | Apr-Dec 2015 |
|-------------------|------------------------|------------------------|------------------------|--------------|
| Gross Revenue     | 7,500                  | 7,500                  | 7,500                  | -            |
| Profit before tax | (6,442)                | (3,938)                | (7740)                 | (7,231)      |
| Profit after tax  | (6,442)                | (3,938)                | (7740)                 | (7,231)      |

**Balance Sheet for the period ended:**

**Amount (Rs.)**

| Particulars              | March 31, 2013     | March 31, 2014 | March 31, 2015 | December 31, 2015    |
|--------------------------|--------------------|----------------|----------------|----------------------|
| <b>Liabilities:</b>      |                    |                |                |                      |
| Shareholder's Funds      | 254,188            | 250,250        | 242,510        | 235,279              |
| Loan Funds               | 200,775,000        | 275,000        | 275,000        | 4,558,269,500        |
| Other Liabilities        | -                  | -              | -              | -                    |
| <b>Total Liabilities</b> | <b>201,029,188</b> | <b>525,250</b> | <b>517,510</b> | <b>4,558,504,779</b> |
| <b>Assets:</b>           |                    |                |                |                      |
| Investments and advances | 201,016,648        | 515,334        | 524,834        | 4,558,293,334        |
| Net current assets       | 12,540             | 9,916          | (7,324)        | 211,445              |
| <b>Total Assets</b>      | <b>201,029,188</b> | <b>525,250</b> | <b>517,510</b> | <b>4,558,504,779</b> |

- Sanmar Holdings Limited**

**Profit and Loss Account for:**

**Amount (Rs.)**

| Particulars       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2014-15 | Apr-Dec 2015 |
|-------------------|------------------------|------------------------|------------------------|--------------|
| Gross Revenue     | 2,556,118              | 1,043,029              | 762,815                | 146,962      |
| Profit before tax | 2,010,891              | 517,117                | 235,607                | (385,606)    |
| Profit after tax  | 1,750,972              | 354,117                | 235,607                | (385,606)    |

**Balance Sheet for the period ended:**

**Amount (Rs.)**

| Particulars              | March 31, 2013       | March 31, 2014        | March 31, 2015        | December 31, 2015    |
|--------------------------|----------------------|-----------------------|-----------------------|----------------------|
| <b>Liabilities:</b>      |                      |                       |                       |                      |
| Shareholder's Funds      | 3,393,228,229        | 10,115,444,967        | 10,150,707,044        | 7,941,882,289        |
| Loan Funds               | 3,685,000,000        | -                     | -                     | -                    |
| Other Liabilities        | -                    | -                     | -                     | -                    |
| <b>Total Liabilities</b> | <b>7,078,228,229</b> | <b>10,115,444,967</b> | <b>10,150,707,044</b> | <b>7,941,882,289</b> |

|                          |                      |                       |                       |                      |
|--------------------------|----------------------|-----------------------|-----------------------|----------------------|
| <b>Assets:</b>           |                      |                       |                       |                      |
| Investments and advances | 7,083,662,687        | 10,125,357,409        | 10,146,543,009        | 7,938,183,069        |
| Net current assets       | (5,434,458)          | (9,912,442)           | 4,164,035             | 3,699,220            |
| <b>Total Assets</b>      | <b>7,078,228,229</b> | <b>10,115,444,967</b> | <b>10,150,707,044</b> | <b>7,941,882,289</b> |

- Sanmar Group International Limited**

**Profit and Loss Account for:**

**Amount (Rs.)**

| Particulars       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2014-15 | Apr-Dec 2015 |
|-------------------|------------------------|------------------------|------------------------|--------------|
| Gross Revenue     | 11,802                 | 7,242                  | 65,999                 | 1,980        |
| Profit before tax | (72,384)               | (68,257)               | (36,975)               | (2,251,507)  |
| Profit after tax  | (71,730)               | (68,257)               | (36,975)               | (2,251,507)  |

**Balance Sheet for the period ended:**

**Amount (Rs.)**

| Particulars              | March 31, 2013       | March 31, 2014       | March 31, 2015       | December 31, 2015     |
|--------------------------|----------------------|----------------------|----------------------|-----------------------|
| <b>Liabilities:</b>      |                      |                      |                      |                       |
| Shareholder's Funds      | 7,545,172,605        | 8,689,001,948        | 9,456,606,573        | 14,284,756,867        |
| Loan Funds               | -                    | -                    | -                    | -                     |
| Other Liabilities        | -                    | -                    | -                    | -                     |
| <b>Total Liabilities</b> | <b>7,545,172,605</b> | <b>8,689,001,948</b> | <b>9,456,606,573</b> | <b>14,284,756,867</b> |
| <b>Assets:</b>           |                      |                      |                      |                       |
| Investments and advances | 7,544,910,816        | 8,687,006,391        | 9,453,679,629        | 14,276,011,517        |
| Net current assets       | 261,789              | 1,995,557            | 2,926,944            | 8,745,349             |
| <b>Total Assets</b>      | <b>7,545,172,605</b> | <b>8,689,001,948</b> | <b>9,456,606,573</b> | <b>14,284,756,867</b> |

- Sanmar Overseas Investments AG**

**Profit and Loss Account for:**

**CHF**

| Particulars       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2014-15 | Apr-Dec 2015 |
|-------------------|------------------------|------------------------|------------------------|--------------|
| Gross Revenue     | -                      | -                      | -                      | -            |
| Profit before tax | (67,710)               | (229,673)              | (110,521)              | (28,662)     |
| Profit after tax  | (67,934)               | (231,558)              | (112,026)              | (30,167)     |

**Balance Sheet for the period ended:**

**CHF**

| Particulars              | March 31, 2013     | March 31, 2014     | March 31, 2015     | December 31, 2015  |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Liabilities:</b>      |                    |                    |                    |                    |
| Shareholder's Funds      | 150,426,716        | 168,570,158        | 174,458,132        | 174,427,965        |
| Loan Funds               |                    |                    |                    | -                  |
| Other Liabilities        | 65,113,797         | 58,411,213         | 70,139,045         | 142,752,864        |
| <b>Total Liabilities</b> | <b>215,540,513</b> | <b>226,981,371</b> | <b>244,597,177</b> | <b>317,180,829</b> |
| <b>Assets:</b>           |                    |                    |                    |                    |
| Investments and advances | 227,102,674        | 227,431,333        | 261,244,939        | 333,657,593        |
| Net current assets       | (11,562,161)       | (449,962)          | (16,647,762)       | (16,476,764)       |
| <b>Total Assets</b>      | <b>215,540,513</b> | <b>226,981,371</b> | <b>244,597,177</b> | <b>317,180,829</b> |

- **Cav-Nile AG**

**Profit and Loss Account for:**

**CHF**

| Particulars       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2014-15 | Apr-Dec 2015 |
|-------------------|------------------------|------------------------|------------------------|--------------|
| Gross Revenue     | -                      | -                      | -                      | -            |
| Profit before tax | (18,970)               | (20,707)               | (2,771,626)            | (14,979)     |
| Profit after tax  | (19,470)               | (21,207)               | (2,772,126)            | (14,979)     |

**Balance Sheet for the period ended:**

**CHF**

| Particulars               | March 31, 2013     | March 31, 2014     | March 31, 2015     | December 31, 2015  |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Liabilities:</b>       |                    |                    |                    |                    |
| Shareholder's Funds       | (121,636)          | (142,843)          | (2,914,969)        | (2,929,948)        |
| Loan Funds                | -                  | -                  | -                  | -                  |
| Other Liabilities - SOAIG | 227,002,674        | 227,331,333        | 285,251,335        | 357,663,988        |
| <b>Total Liabilities</b>  | <b>226,881,038</b> | <b>227,188,490</b> | <b>282,336,366</b> | <b>354,734,040</b> |
| <b>Assets:</b>            |                    |                    |                    |                    |
| Investments and advances  | 253,486,411        | 263,437,152        | 282,339,557        | 354,731,016        |
| Net current assets        | (26,605,373)       | (36,248,662)       | (3,191)            | 3,024              |
| <b>Total Assets</b>       | <b>226,881,038</b> | <b>227,188,490</b> | <b>282,336,366</b> | <b>354,734,040</b> |

- **Pharaoh International Ltd**

**Profit and Loss Account for:**

**USD**

| Particulars       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2014-15 | Apr-Dec 2015 |
|-------------------|------------------------|------------------------|------------------------|--------------|
| Gross Revenue     | -                      | -                      | -                      | -            |
| Profit before tax | (4,724,434)            | (5,033,425)            | (4,507,091)            | (3,176,194)  |
| Profit after tax  | (4,724,434)            | (5,033,425)            | (4,507,091)            | (3,176,194)  |

**Balance Sheet for the period ended:**

**USD**

| Particulars              | March 31, 2013     | March 31, 2014     | March 31, 2015     | December 31, 2015  |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Liabilities:</b>      |                    |                    |                    |                    |
| Shareholder's Funds      | 201,726,459        | 214,928,034        | 222,518,443        | 293,508,647        |
| Loan Funds               | 80,000,000         | 72,000,000         | 72,000,000         | 64,000,000         |
| Other Liabilities        | -                  | -                  | -                  | -                  |
| <b>Total Liabilities</b> | <b>281,726,459</b> | <b>286,928,034</b> | <b>294,518,443</b> | <b>357,508,647</b> |
| <b>Assets:</b>           |                    |                    |                    |                    |
| Investments and advances | 280,600,000        | 286,000,000        | 295,900,000        | 357,900,900        |
| Net current assets       | 1,126,459          | 928,034            | (1,381,557)        | (392,253)          |
| <b>Total Assets</b>      | <b>281,726,459</b> | <b>286,928,034</b> | <b>294,518,443</b> | <b>357,508,647</b> |

- **Pharaoh Consolidations Ltd**

**Profit and Loss Account for:**

**USD**

| Particulars       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2014-15 | Apr-Dec 2015 |
|-------------------|------------------------|------------------------|------------------------|--------------|
| Gross Revenue     | -                      | -                      | -                      | -            |
| Profit before tax | -                      | -                      | -                      | -            |
| Profit after tax  | -                      | -                      | -                      | -            |

**Balance Sheet for the period ended:**

**USD**

| Particulars              | March 31, 2013     | March 31, 2014     | March 31, 2015     | December 31, 2015  |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Liabilities:</b>      |                    |                    |                    |                    |
| Shareholder's Funds      | 130,000,000        | 130,000,000        | 130,000,000        | 130,000,000        |
| Loan Funds               | -                  | -                  | -                  | -                  |
| Other Liabilities        | -                  | -                  | -                  | -                  |
| <b>Total Liabilities</b> | <b>130,000,000</b> | <b>130,000,000</b> | <b>130,000,000</b> | <b>130,000,000</b> |
| <b>Assets:</b>           |                    |                    |                    |                    |
| Investments and advances | 130,000,000        | 130,000,000        | 130,000,000        | 130,000,000        |
| Net current assets       | -                  | -                  | -                  | -                  |
| <b>Total Assets</b>      | <b>130,000,000</b> | <b>130,000,000</b> | <b>130,000,000</b> | <b>130,000,000</b> |

- **Pharaoh Egyptian Holdings Ltd**

**Profit and Loss Account for:**

**USD**

| Particulars       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2014-15 | Apr-Dec 2015 |
|-------------------|------------------------|------------------------|------------------------|--------------|
| Gross Revenue     | -                      | -                      | -                      | -            |
| Profit before tax | (272,099)              | (37,653)               | (132,435)              | -            |
| Profit after tax  | (272,099)              | (37,653)               | (132,435)              | -            |

**Balance Sheet for the period ended:**

**USD**

| Particulars              | March 31, 2013     | March 31, 2014     | March 31, 2015     | December 31, 2015  |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Liabilities:</b>      |                    |                    |                    |                    |
| Shareholder's Funds      | 375,945,309        | 381,307,656        | 391,075,221        | 453,076,122        |
| Loan Funds               | -                  | -                  | -                  | -                  |
| Other Liabilities        | -                  | -                  | -                  | -                  |
| <b>Total Liabilities</b> | <b>375,945,309</b> | <b>381,307,656</b> | <b>391,075,221</b> | <b>453,076,122</b> |
| <b>Assets:</b>           |                    |                    |                    |                    |
| Investments and advances | 375,945,309        | 381,307,656        | 391,075,221        | 453,076,122        |
| Net current assets       | -                  | -                  | -                  | -                  |
| <b>Total Assets</b>      | <b>375,945,309</b> | <b>381,307,656</b> | <b>391,075,221</b> | <b>453,076,122</b> |

- **Pharaoh Egyptian Investments Ltd**

**Profit and Loss Account for:**

USD

| Particulars       | Financial Year 2012-13 | Financial Year 2013-14 | Financial Year 2014-15 | Apr-Dec 2015 |
|-------------------|------------------------|------------------------|------------------------|--------------|
| Gross Revenue     | -                      | -                      | -                      | -            |
| Profit before tax | -                      | -                      | -                      | -            |
| Profit after tax  | -                      | -                      | -                      | -            |

**Balance Sheet for the period ended:**

USD

| Particulars              | March 31, 2013   | March 31, 2014   | March 31, 2015   | December 31, 2015 |
|--------------------------|------------------|------------------|------------------|-------------------|
| <b>Liabilities:</b>      |                  |                  |                  |                   |
| Shareholder's Funds      | 2,925,532        | 2,925,532        | 2,925,532        | 2,925,532         |
| Loan Funds               | -                | -                | -                | -                 |
| Other Liabilities        | -                | -                | -                | -                 |
| <b>Total Liabilities</b> | <b>2,925,532</b> | <b>2,925,532</b> | <b>2,925,532</b> | <b>2,925,532</b>  |
| <b>Assets:</b>           |                  |                  |                  |                   |
| Investments and advances | 2,925,532        | 2,925,532        | 2,925,532        | 2,925,532         |
| Net current assets       | -                | -                | -                | -                 |
| <b>Total Assets</b>      | <b>2,925,532</b> | <b>2,925,532</b> | <b>2,925,532</b> | <b>2,925,532</b>  |

**b) A brief history of the Issuer since its incorporation :**

**(i) Details of Share Capital as on March 31, 2016:**

| Particulars                                                      | Amount (Rs.)     |
|------------------------------------------------------------------|------------------|
| <b>Authorised share capital</b>                                  |                  |
| 7,99,820 Equity Shares of Rs. 10/- each                          | 7,998,200        |
| 18 12% Cumulative Redeemable Preference Shares of Rs. 100/- each | 1,800            |
| <b>Total</b>                                                     | <b>8,000,000</b> |
| <b>Issued share capital</b>                                      |                  |
| 5,30,000 Equity Shares fully paid –up <sup>(1)</sup>             | 5,300,000        |

<sup>(1)</sup> Post March 31, 2016, the Company has on April 16, 2016 allotted FIH Mauritius Investments Limited 2,27,143 Equity Shares.

**Additional details of share capital**

|                                                                             |                        |
|-----------------------------------------------------------------------------|------------------------|
| <b>Subscribed and paid-up share capital of the Company before the Issue</b> |                        |
| 757,143 Equity Shares fully paid -up                                        | 7,571,430              |
| <b>Subscribed and paid-up share capital of the Company after Issue</b>      |                        |
| 757,143 Equity Shares fully paid -up                                        | 7,571,430              |
| <b>Share Premium Account before the Issue</b>                               | <b>Rs. 6,42,24,683</b> |
| <b>Share Premium Account after the Issue</b>                                | <b>Rs. 6,42,24,683</b> |

|                                                             |                                |
|-------------------------------------------------------------|--------------------------------|
| <b>Present Issue in terms of the Information Memorandum</b> |                                |
| Debentures of Rs. 10,00,000/- each                          | <b>Upto Rs. 1800,00,00,000</b> |

**(ii) Changes in capital structure as on March 31, 2016, for the five years:**

The authorised share capital of the Company has been increased from Rs. 60,00,000 divided into 5,99,820 Equity Shares of Rs.10 each and 18 12% Cumulative Redeemable Preference Shares of Rs. 100 each to Rs. 80,00,000 consisting of 7,99,820 Equity Shares of Rs.10 each and 18 12% Cumulative Redeemable Preference Shares of Rs. 100 each by creation of 2,00,000 Equity Shares of Rs. 10 each vide special resolution passed by the members of the Company at an extraordinary general meeting held on March 22, 2016.

**(iii) Equity Share Capital history of the Company since incorporation :**

| Sr. No. | Date of allotment  | No. of Equity Shares | Face Value | Premium (Per Share) | Issue Price | Consideration (Rs.) | Nature of allotment     | Form of Consideration | Cumulative no. of Equity shares | Cumulative paid up Capital (Rs.) | Remark |
|---------|--------------------|----------------------|------------|---------------------|-------------|---------------------|-------------------------|-----------------------|---------------------------------|----------------------------------|--------|
| 1.      | March 13, 1995     | 20                   | 10         | 0                   | 10          | 200                 | Subscribers to MOA      | Cash                  | 20                              | 200                              | -      |
| 2.      | March 30, 1998     | 4,99,800             | 10         | 0                   | 10          | 49,98,000           | Further Issue           | Cash                  | 4,99,820                        | 49,98,200                        | -      |
| 3.      | September 08, 1998 | 30,000               | 10         | 0                   | 10          | 3,00,000            | Further issue of shares | Other than Cash       | 5,29,820                        | 52,98,200                        | -      |
| 4.      | March 19, 2005     | 180                  | 10         | 0                   | 10          | 1,800               | Further issue of shares | Cash                  | 5,30,000                        | 53,00,000                        | -      |
| 5.      | April 16, 2016     | 2,27,143             | 10         | 282.75              | 292.75      | 664,96,113          | Further issue of shares | Cash                  | 7,57,143                        | 75,71,430                        | -      |

**Note 1:** Allotted pursuant to scheme of arrangement and reconstruction between the Issuer Company and Sanmar Realty Limited and others, approved by Hon'ble High Court of Judicature at Chennai on 27<sup>th</sup> August 1998.

Current paid-up equity share capital of the Company is Rs.75,71,430 divided into 7,57,143 Equity Shares of Rs. 10/- each

**(iv) Details of any Acquisition or Amalgamation in last 1 year:**

Nil

**(v) Details of any Reorganization or Reconstruction in last 1 year:**

Nil

**c) Details of the shareholding of the Company as on the latest quarter end:**

**(i) Shareholding pattern of the Company as on March 31, 2016:**

| Sr. No.      | Name of the shareholders                | Total no. of equity shares | No. of equity shares in demat form | Total shareholding as % of total no. of equity shares |
|--------------|-----------------------------------------|----------------------------|------------------------------------|-------------------------------------------------------|
| 1.           | Greenvalley Investments (Alpha) Limited | 529,994                    | Nil                                | 99.99                                                 |
| 2.           | Satya Narayan Nayak*                    | 1                          |                                    | 0.01                                                  |
| 3.           | P V Sriram*                             | 1                          |                                    |                                                       |
| 4.           | K Venkatasubramanian*                   | 1                          |                                    |                                                       |
| 5.           | N Muralidharan*                         | 1                          |                                    |                                                       |
| 6.           | M Raman*                                | 1                          |                                    |                                                       |
| 7.           | S Subramanian*                          | 1                          |                                    |                                                       |
| <b>Total</b> |                                         | <b>530,000</b>             | <b>Nil</b>                         | <b>100.00</b>                                         |

\*As nominees of Greenvalley Investments (Alpha) Limited

Number of equity shares pledged or encumbered by the promoters: Nil

(ii) **List of top 10 holders of equity shares of the Company as on March 31, 2016:**

| Sr. No.      | Name of the shareholders                | Total no. of equity shares | No. of equity shares in demat form | Total shareholding as % of total no. of equity shares |
|--------------|-----------------------------------------|----------------------------|------------------------------------|-------------------------------------------------------|
| 1            | Greenvalley Investments (Alpha) Limited | 529,994                    | Nil                                | 99.99                                                 |
| 2            | Satya Narayan Nayak*                    | 1                          |                                    | 0.01                                                  |
| 3            | P V Sriram*                             | 1                          |                                    |                                                       |
| 4            | K Venkatasubramanian*                   | 1                          |                                    |                                                       |
| 5            | N Muralidharan*                         | 1                          |                                    |                                                       |
| 6            | M Raman*                                | 1                          |                                    |                                                       |
| 7            | S Subramanian*                          | 1                          |                                    |                                                       |
| <b>Total</b> |                                         | <b>530,000</b>             | <b>Nil</b>                         | <b>100.00</b>                                         |

d) **Details of Shareholding of the Company as on the date of this Draft Information Memorandum:**

**Shareholding pattern of the Company as on the date of this Draft Information Memorandum:**

| Sr. No.      | Name of the shareholders                | Total no. of equity shares | No. of equity shares in demat form | Total shareholding as % of total no. of equity shares |
|--------------|-----------------------------------------|----------------------------|------------------------------------|-------------------------------------------------------|
| 1            | Greenvalley Investments (Alpha) Limited | 529,995                    | Nil                                | 70.00                                                 |
| 2            | FIH Mauritius Investments Limited       | 227,143                    | Nil                                | 30.00                                                 |
| 3            | Satya Narayan Nayak*                    | 1                          | Nil                                | Negligible                                            |
| 4            | P V Sriram *                            | 1                          | Nil                                |                                                       |
| 5            | K Venkatasubramanian*                   | 1                          | Nil                                |                                                       |
| 6            | N Muralidharan*                         | 1                          | Nil                                |                                                       |
| 7            | M Raman*                                | 1                          | Nil                                |                                                       |
| <b>Total</b> |                                         | <b>757,143</b>             |                                    | <b>100.00</b>                                         |

*\*As nominees of Greenvalley Investments (Alpha) Limited*

**List of top 10 holders of equity shares of the Company as on date of this Draft Information Memorandum:**

| Sr. No.      | Name of the shareholders                | Total no. of equity shares | No. of equity shares in demat form | Total shareholding as % of total no. of equity shares |
|--------------|-----------------------------------------|----------------------------|------------------------------------|-------------------------------------------------------|
| 1            | Greenvalley Investments (Alpha) Limited | 529,995                    | Nil                                | 70.00                                                 |
| 2            | FIH Mauritius Investments Limited       | 227,143                    | Nil                                | 30.00                                                 |
| 3            | Satya Narayan Nayak*                    | 1                          | Nil                                | Negligible                                            |
| 4            | P V Sriram *                            | 1                          | Nil                                |                                                       |
| 5            | K Venkatasubramanian*                   | 1                          | Nil                                |                                                       |
| 6            | N Muralidharan*                         | 1                          | Nil                                |                                                       |
| 7            | M Raman*                                | 1                          | Nil                                |                                                       |
| <b>Total</b> |                                         | <b>757,143</b>             |                                    | <b>100.00</b>                                         |

*\*As nominees of Greenvalley Investments (Alpha) Limited*

e) Following details regarding the directors of the Company:-

(i) Details of the current directors of the Company

| Name, Designation and DIN                                                                             | Age | Address                                                                                             | Director of the Company since | Details of other Directorship                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------|-----|-----------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name: S Sankaran<br>Designation: Director<br>DIN: 00009172<br>Occupation: Company Executive           | 61  | 2/1, IV Street, Balaji Nagar, Chennai-600014, Tamil Nadu, India.                                    | September 30, 2006            | a) BS & B Safety Systems (India) Limited<br>b) Flowserve Sanmar Limited<br>c) Xomox Sanmar Limited<br>d) Pentair Sanmar Limited<br>e) Sanmar Speciality Chemicals Limited<br>f) Cabot Sanmar Limited |
| Name: M Chandrasekhar<br>Designation: Director<br>DIN: 07136910<br>Occupation: Company Executive      | 45  | 7B IRIS Block, Tivoli Gardens, No 3Arunachalam Road, Saligramam, Chennai-600093, Tamil Nadu, India. | March 30, 2015                | Nil                                                                                                                                                                                                  |
| Name: K Venkatasubramanian<br>Designation: Director<br>DIN: 07271679<br>Occupation: Company Executive | 45  | Flat 1, Sri Ranga Villa, 94 Dr Ranga Road, Abhiramapuram, Chennai-600018, Tamil Nadu, India.        | July 29, 2015                 | B Sec Services Limited                                                                                                                                                                               |

Further none of our Directors are appearing in the RBI defaulter list and/or ECGC default list.

The details of remuneration of directors (during the current year and last three financial years) are as follows:

The Directors are not entitled to any remuneration or sitting fees.

(ii) Details of the changes in directors since last three years:

| Name, Designation and DIN                                                   | Date of Appointment / Resignation | Director of the Company since (in case of resignation) | Remark      |
|-----------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------|-------------|
| Name: M N Radhakrishnan<br>Designation: Director<br>DIN: 00011091           | October 10, 2013                  | September 30, 2006                                     | Resignation |
| Name: Balasubramanyan Visweswaran<br>Designation: Director<br>DIN: 02040330 | October 10, 2013                  | March 26, 2012                                         | Resignation |

|                                                                                                                            |                  |                  |             |
|----------------------------------------------------------------------------------------------------------------------------|------------------|------------------|-------------|
| Name:<br>Vadakanchery<br>Subramaniam<br>Ramesh<br>Designation:<br>Director appointed in<br>casual vacancy<br>DIN: 00013521 | October 10, 2013 | N.A.             | Appointment |
| Name:<br>Balasubramanian<br>Natraj<br>Designation:<br>Director<br>DIN: 00022038                                            | March 30, 2015   | November 1, 2011 | Resignation |
| Name: M<br>Chandrasekhar<br>Designation:<br>Director appointed in<br>casual vacancy<br>DIN: 07136910                       | March 30, 2015   | N.A.             | Appointment |
| Name:<br>Vadakanchery<br>Subramaniam<br>Ramesh<br>Designation:<br>Director<br>DIN: 00013521                                | June 1, 2015     | October 10, 2013 | Resignation |
| Name:<br>Ramachandran<br>Sugavanam<br>Designation:<br>Director<br>DIN: 06841827                                            | June 1, 2015     | N.A.             | Appointment |
| Name:<br>Ramachandran<br>Sugavanam<br>Designation:<br>Director<br>DIN: 06841827                                            | July 29, 2015    | June 1, 2015     | Resignation |
| Name: K<br>Venkatasubramanian<br>Designation:<br>Director<br>DIN: 07271679                                                 | July 29, 2015    | N.A.             | Appointment |

**f) Details regarding statutory auditors of the Company :-**

**(i) Details of the statutory auditor of the Company:**

| Name                                 | Address                                                               | Auditor since |
|--------------------------------------|-----------------------------------------------------------------------|---------------|
| M/S Prasad & Srinath<br>FRN. 005826S | New No.7, Ground Floor<br>Abhiramapuram I Street<br>Chennai - 600 018 | FY 2012-13    |

**(ii) Details of change in auditor since last three years:**

Nil

g) **Details of borrowings of the Company as on March 31, 2016:**

(i) **Details of Unsecured Facilities as on March 31, 2016:**

Nil

(ii) **Details of Secured Loan Facilities as on March 31, 2016 and Optionally Convertible and Redeemable Debentures:**

| Lenders Name                             | Types of Facility | Amount Sanctioned (Rs. in Crore) | Principal Amount Outstanding as on March 31, 2016 (Rs. in Crore) | Repayment Date / Schedule |
|------------------------------------------|-------------------|----------------------------------|------------------------------------------------------------------|---------------------------|
| <b><u>Tranche 1 - Loan</u></b>           |                   |                                  |                                                                  |                           |
| a) IDFC Limited                          | Term loan         | 250.00                           | 250.00                                                           | August 6, 2019            |
| b) L & T Finance Ltd                     |                   | 75.00                            | 75.00                                                            |                           |
| c) KKR India Financial Services Pvt. Ltd |                   | 25.00                            | 25.00                                                            |                           |
| <b>Total (Tranche 1)</b>                 |                   | <b>350.00</b>                    | <b>350.00</b>                                                    |                           |
| <b><u>Tranche 2</u></b>                  |                   |                                  |                                                                  |                           |
| <b><u>A) Loan</u></b>                    |                   |                                  |                                                                  |                           |
| a) L & T Finance Ltd                     | Term loan         | 75.00                            | 75.00                                                            | April 25, 2021            |
| b) KKR India Financial Services Pvt. Ltd |                   | 40.00                            | 40.00                                                            |                           |
| <b>Total (Tranche 2)</b>                 |                   | <b>115.00</b>                    | <b>115.00</b>                                                    |                           |

Interest accrued but not due as on March 31, 2016 – Rs. 200.57 crores

(iii) **Details of NCDs as on March 31, 2016:**

Nil

(iv) **List of top 10 Debenture Holders as on March 31, 2016:**

| Sr. No. | Name of Debenture Holders                                                   | Amount (in Crore) |
|---------|-----------------------------------------------------------------------------|-------------------|
| 1       | KKR India Debt fund I                                                       | 41.01             |
| 2       | KKR India Debt Opportunities fund III                                       | 17.48             |
| 3       | KKR Capital Markets India Private Limited                                   | 1.51              |
| 4       | BOI AXA Trustee Services Pvt Ltd A/C BOI AXA Corporate Credit Spectrum Fund | 25.00             |

(v) **The amount of corporate guarantee issued by the Issuer along with name of the counterparty (like name of the subsidiary, JV entity, group company, etc.) on behalf of whom it has been issued as on March 31, 2016:**

The Issuer Company has not furnished any corporate guarantees on behalf of any group company. However, it has issued performance guarantees to its Customers as per the terms of purchase orders from these customers, to secure the performance of its obligations under the said contract.

**(vi) Details of Commercial Paper:- The total Face Value of Commercial Papers Outstanding as on the March 31, 2016 is set forth below:**

Nil

**(vii) Details of rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on March 31, 2016:**

8,500 optionally convertible and redeemable debentures of Rs.1,00,000 each aggregating to Rs. 85,00,00,000 which are secured by hypothecation of payment account of the Company and all rights, title, interest, benefits of the Company under and in respect of the payment account and by equitable mortgage of lands owned by a body corporate and also secured by corporate guarantee from a fellow subsidiary, namely, Sanmar Engineering Technologies Limited.

**(viii) Details of all default/s and/or delay in payments/repayments of statutory dues, interest and principal of any kind of term loans from any bank or financial institution, debt securities, deposits and other financial indebtedness including corporate guarantee issued by the Company, in the past 5 years:**

Nil

**(ix) Details of any outstanding borrowings taken/debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part (ii) at a premium or discount, or (iii) in pursuance of an option:**

Nil

**h) Details of Promoters:**

Details of Promoter holding in the Company as on March 31, 2016:

| Name of Shareholder                      | Total no of Equity Shares | No. Of Equity Shares in demat form | Total Shareholding as % of total no. of Equity Shares | No. Of Equity Shares Pledged | % of Equity Shares pledged with respect to shares owned |
|------------------------------------------|---------------------------|------------------------------------|-------------------------------------------------------|------------------------------|---------------------------------------------------------|
| Greenvalley Investments (Alpha) Limited  | 530,000*                  | Nil                                | 100%                                                  | Nil                          | Nil                                                     |
| NS Family Investments Private Limited    | Nil                       |                                    |                                                       |                              |                                                         |
| NS Family Consolidations Private Limited | Nil                       |                                    |                                                       |                              |                                                         |
| SHL Research Foundation                  | Nil                       |                                    |                                                       |                              |                                                         |

\* Includes 6 Equity Shares held by 6 nominees of Greenvalley Investments (Alpha) Limited.

Details of Promoter holding in the Company as on date of this Draft Information Memorandum:

| Name of Shareholder                      | Total no of Equity Shares | No. Of Equity Shares in demat form | Total Shareholding as % of total no. Of Equity Shares | No. Of Equity Shares Pledged | % of Equity Shares pledged with respect to shares owned |
|------------------------------------------|---------------------------|------------------------------------|-------------------------------------------------------|------------------------------|---------------------------------------------------------|
| Greenvalley Investments (Alpha) Limited  | 530,000*                  | Nil                                | 70%                                                   | Nil                          | Nil                                                     |
| NS Family Investments Private Limited    | Nil                       |                                    |                                                       |                              |                                                         |
| NS Family Consolidations Private Limited | Nil                       |                                    |                                                       |                              |                                                         |

|                         |     |
|-------------------------|-----|
| SHL Research Foundation | Nil |
|-------------------------|-----|

*\*including 5 shares held by 5 nominees of Greenvally Investments (Alpha) Limited*

**i) Abridged version of audited financial information (like Profit & Loss statement, Balance Sheet and Cash Flow statement) for at least last three years and auditor qualifications, if any.**

Please refer section – “Summary of Financial Statements”. Further there are no auditor qualifications for the financial year ended March 31, 2015, 2014 and 2013.

**j) Abridged version of limited review of financial information (like Profit & Loss statement, Balance Sheet and Cash Flow statement) for the period ended December 31, 2015 and auditors qualifications, if any.**

Please refer section – “Summary of Financial Statements”. Further there are no auditor qualifications for nine months ended December 31, 2015.

**k) Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities. Corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest/continue to invest in the debt securities.**

The brief details of tax litigations involving the Company are as follows:

Direct Taxes

- The Company had filed on 10th January 2007 an appeal with the Commissioner of Income Tax (Appeals) in respect of FY 2003-04 (AY 2004-05) in respect of disallowance of certain expenditure incurred by the Company amounting to Rs.62.62 lacs. The tax impact of this disallowance is Rs.22.47 lacs. The appeal is pending.
- The Company has filed on 28th April 2006 an appeal with the Commissioner of Income Tax (Appeals) in respect of FY 2002-03 (AY 2003-04) in respect of disallowances of certain expenditure amounting to Rs.69.01 lacs. The tax impact of which is Rs.25.36 lacs. The appeal is pending.

Indirect Taxes

- In respect of AY 2004-05, the Sales Tax Appellate Tribunal on 3rd August 2010 in respect of Company's appeal remitted the matter back to the Assessing Officer to ascertain tax and penalty arising out of the non-filing of Forms C & H. The impact is Rs.3 lacs. No Assessment Order has yet been passed.
- Relating to AY 2003-04, the Company filed an appeal before the Sales Tax Appellate Tribunal with regard to taxes arising out of non-furnishing of declaration in Form No.XVII amounting to Rs.40,661/-. The appeal is pending.
- The Company's application for refund of tax deducted at source on works contract tax amounting to Rs.9.94 lacs made in respect of AY 1998 to 2001 is pending with Joint Commissioner of Commercial Taxes. The said Joint Commissioner has also demanded in October 2005 Rs.33.10 lacs as additional tax. Both are pending.

Other than details given in this Draft Information Memorandum, there is no material event/development or change at the time of issue of this document which may affect the issue or the investor's decision to invest/continue to invest in the debt securities.

**l) Name and address of the Debenture Trustee and Consent thereof**

IDBI Trusteeship Services Limited  
Ground Floor, Asian Building,  
17, R Kamani Marg, Ballard Estate, Fort,  
Mumbai 400001

Tel: +91 22 4080 7000  
Fax: +91 22 6631 1776

IDBI Trusteeship Services Limited has given its written consent for its appointment as debenture trustee to the Issue under regulation 4 (4) of the SEBI Debt Listing Regulations and in all the subsequent periodical communications sent to the holders of debt securities. Consent letter, dated March 9, 2016, received from Debenture Trustee is attached as Annexure III.

**m) Credit Rating and Credit Rating Rationale**

The Debentures proposed to be issued by the Issuer have been rated BWR BBB- by Brickworks Ratings India Private Limited.

The above rating is not a recommendation to buy, sell or hold Debentures or other securities and investors should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and the rating should be evaluated independently of any other rating. The rating obtained is subject to revision at any point of time in the future. The rating agency has the right to suspend/withdraw the rating at any time on the basis of new information, etc.

The credit rating certificate received from Brickworks Ratings India Private Limited is attached as Annexure II.

**n) The details of inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of Information Memorandum and details of prosecutions filed, fines imposed, compounding of offences in the last three years immediately preceding the year of the Information Memorandum, in relation to the Company and all of its Subsidiaries**

Nil

**o) Details of material frauds committed against the Company in the last three years and if so, the action taken by the Company.**

Nil

**p) If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer.**

Not Applicable.

**q) The recognised stock exchanges where the debt securities are proposed to be listed.**

The Debentures are proposed to be listed on WDM Segment of BSE. The Company shall comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to it on a continuous basis.

**r) The financial or other material interest of the directors, Promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons**

Nil

**s) Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any Promoters of the Company during the last three years immediately preceding the year of the circulation of the Information Memorandum and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed**

There are no litigations or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any Promoter of the Company during the last three years.

**t) Details of changes in accounting policies during the last three years and their effect on the profits and the reserves of the Company**

Nil

**u) Other Details**

**(i) Debenture Redemption Reserve creation – relevant regulations and applicability.**

Adequate Debenture Redemption Reserve will be created by the Company, as per applicable statutory provisions of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014.

**(ii) Issue/instrument specific regulations**

- Companies Act;
- SEBI Debt Listing Regulations and other applicable circulars and guidelines issued by SEBI;
- Securities Contracts (Regulation) Act, 1956;
- Securities and Exchange Board of India Act, 1992;
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Any rules and regulations issued including any amendments to the foregoing.

This issue of Non-Convertible Debentures is subject to the aforementioned laws and the provisions of the Memorandum and Articles of Association of the Company, the terms of this Draft Information Memorandum and the application form. In addition, the Debentures shall also be subject to other terms and conditions as may be incorporated in the Debenture Trust Deed/ Letter of Allotment, applicable provisions of any law, guidelines, notifications, regulations relating to the issue of Debentures and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(iii) Application Process**

The Company shall make an in-principle application for listing of Debentures with the WDM Segment of the Stock Exchange.

Upon receipt of the in principle approval from the Stock Exchange, the Company shall open the issue of Debentures.

Post the Debenture issuance the Company shall apply for listing of the Debentures. For further details please refer “Section 7: Other Information and Issue Procedure”

**(iv) Undertakings by the Company**

The Company undertakes that:

- (i) it shall create necessary charge(s), where applicable, within the time frame specified by the relevant regulations/guidelines issued by SEBI and other applicable laws;
- (ii) it shall till the redemption of the Debentures, submit to the Debenture Trustee, all information/details required as per the SEBI Debt Listing Regulations within the timelines mentioned therein;
- (iii) complete the listing of the Debentures on the WDM Segment of the Stock Exchange, on or within 15 (fifteen) days from the Deemed Date of Allotment of the Debentures.

## SECTION 5: SUMMARY OF FINANCIAL STATEMENTS OF THE COMPANY

### **Balance Sheet, Profit & Loss Account and Cash Flow Statement for FY 2015, 2014, 2013 and for nine months period ended December 31, 2015**

#### **Balance Sheet as on December 31, 2015**

| Particulars                    | As at December 31, 2015 |                      | As at March 31, 2015 |                      |
|--------------------------------|-------------------------|----------------------|----------------------|----------------------|
|                                | Rs.                     | Rs.                  | Rs.                  | Rs.                  |
| <b>EQUITY AND LIABILITIES</b>  |                         |                      |                      |                      |
| <b>Shareholders' fund</b>      |                         |                      |                      |                      |
| a. Share capital               | 5,300,000               |                      | 5,300,000            |                      |
| b. Reserves and surplus        | (3,063,355,378)         | (3,058,055,378)      | (1,834,871,020)      | (1,829,571,020)      |
|                                |                         |                      |                      |                      |
| <b>Non-current liabilities</b> |                         |                      |                      |                      |
| a. Long term Borrowings        | 5,500,000,000           |                      | 5,500,000,000        |                      |
| b. Other Long Term Liabilities | 1,588,929,905           | 7,088,929,605        | 1,145,722,124        | 6,645,722,124        |
|                                |                         |                      |                      |                      |
| <b>Current liabilities</b>     |                         |                      |                      |                      |
| a. Trade Payables              | 6,982,468               |                      | 3,017,065            |                      |
| b. Other Current Liabilities   | 930,329,771             | 937,312,239          | 270,255,134          | 273,272,199          |
|                                |                         |                      |                      |                      |
|                                |                         |                      |                      |                      |
| <b>TOTAL</b>                   |                         | <b>4,968,186,466</b> |                      | <b>5,089,423,303</b> |
|                                |                         |                      |                      |                      |
| <b>ASSETS</b>                  |                         |                      |                      |                      |
| <b>Non-current assets</b>      |                         |                      |                      |                      |
| Fixed Assets                   |                         |                      |                      |                      |
| Tangible Assets                | 2,528                   |                      | 2,528                |                      |
| Capital Work in Progress       | -                       | 2,528                | -                    | 2,528                |
|                                |                         |                      |                      |                      |
| Non Current Investments        | 100                     |                      | 4,956,950,000        |                      |
| Deferred Tax Asset – net       | 6,990,000               |                      | 6,990,000            |                      |
| Long term loan and advances    | 3,395,225               |                      | 3,369,725            |                      |
| Other non current assets       | 269,421,643             | 279,806,968          | 51,379,652           | 5,018,689,377        |
|                                |                         |                      |                      |                      |
| <b>Current assets</b>          |                         |                      |                      |                      |
| Current investments            | 10,060,000              |                      | -                    |                      |
| Trade receivables              | 20,489,740              |                      | 16,266,255           |                      |
| Cash and bank balances         | 2,568,839               |                      | 22,780,053           |                      |
| Short term loans and advance   | 4,579,317,133           |                      | 17,105,254           |                      |
| Other current assets           | 75,941,258              | 4,688,376,970        | 14,579,836           | 70,731,398           |
|                                |                         |                      |                      |                      |
| <b>TOTAL</b>                   |                         | <b>4,968,186,466</b> |                      | <b>5,089,423,303</b> |

**Statement of Profit and Loss of the Company for Nine Months Period Ended December 31, 2015**

| Particulars                                      | For the period<br>ended December<br>31, 2015 | For the year<br>ended 31st<br>March, 2015 |
|--------------------------------------------------|----------------------------------------------|-------------------------------------------|
|                                                  | Rs.                                          | Rs.                                       |
| <b>Income</b>                                    |                                              |                                           |
| Revenue from Operations                          | 35,195,014                                   | 44,990,755                                |
| Other Income                                     | 3,024,656                                    | 5,437,354                                 |
| <b>Total Revenue</b>                             | <b>38,219,670</b>                            | <b>50,428,109</b>                         |
|                                                  |                                              |                                           |
| <b>Expenses</b>                                  |                                              |                                           |
| Purchase of traded goods                         | 11,786,347                                   | 14,409,958                                |
| Employee benefit expense                         | 39,680,651                                   | 56,325,977                                |
| Other expenses                                   | 4,372,125                                    | 14,076,710                                |
| Finance costs                                    | 1,210,864,905                                | 914,473,359                               |
| <b>Total Expenses</b>                            | <b>1,266,704,028</b>                         | <b>999,286,004</b>                        |
|                                                  |                                              |                                           |
| <b>Profit / (Loss) before tax</b>                | <b>(1,228,484,358)</b>                       | <b>(948,857,895)</b>                      |
|                                                  |                                              |                                           |
| <b>Tax Expenses</b>                              |                                              |                                           |
| - Current Tax                                    | -                                            | -                                         |
| - Excess Tax provision of previous year reversed | -                                            | -                                         |
| - Deferred Tax                                   | -                                            | (363,143)                                 |
| <b>Total Tax Expense</b>                         | <b>-</b>                                     | <b>(363,143)</b>                          |
|                                                  |                                              |                                           |
| <b>Profit/(Loss) for the year</b>                | <b>(1,228,484,358)</b>                       | <b>(949,221,038)</b>                      |
|                                                  |                                              |                                           |

**Cash Flow Statement of the Company for Nine Months Period Ended December 31, 2015**

| <b>A.</b> | <b>CASH FLOW FROM OPERATING ACTIVITIES :</b>                  | <b>Rs.</b>             |
|-----------|---------------------------------------------------------------|------------------------|
|           | <b>NET PROFIT/ (LOSS) BEFORE TAX</b>                          | <b>(1,228,484,358)</b> |
|           | Adjustments for:                                              |                        |
|           | Depreciation and amortisation                                 | -                      |
|           | Difference in exchange                                        | (43,452)               |
|           | Interest and finance charges                                  | 1,210,864,905          |
|           | Share of income from partnership firm                         | (837,341)              |
|           | Interest received                                             | -                      |
|           | <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>        | <b>(18,500,246)</b>    |
|           | Adjustments for changes in:                                   |                        |
|           | Trade and other receivables                                   | (4,826,621,262)        |
|           | Trade and other payables                                      | 211,281,075            |
|           | <b>CASH GENERATED FROM OPERATIONS</b>                         | <b>(4,633,840,433)</b> |
|           | Income taxes paid                                             | (2,438,247)            |
|           | <b>NET CASH FROM OPERATING ACTIVITIES</b>                     | <b>(4,636,278,680)</b> |
|           |                                                               |                        |
| <b>B.</b> | <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |                        |
|           | Purchase of fixed assets and capital advances                 | -                      |
|           | Share of income from partnership firm                         | 837,341                |
|           | Investments                                                   | 4,946,889,900          |
|           | <b>NET CASH FROM / USED IN INVESTING ACTIVITIES</b>           | <b>4,947,727,241</b>   |
|           |                                                               |                        |
| <b>C.</b> | <b>CASH FLOW FROM FINANCING ACTIVITIES:</b>                   |                        |
|           | Interest and finance charges paid                             | (331,659,775)          |
|           | Proceeds from long term borrowings                            | -                      |
|           | Proceeds/ (repayment) of short term borrowings                | -                      |
|           | <b>NET CASH USED IN FINANCING ACTIVITIES</b>                  | <b>(331,659,775)</b>   |
|           |                                                               |                        |
|           | <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | <b>(20,211,214)</b>    |
|           |                                                               |                        |
|           | Cash and cash equivalents at the beginning of the year        | <b>22,780,053</b>      |
|           |                                                               |                        |
|           | Cash and cash equivalents at the end of the year              | <b>2,568,839</b>       |
| Note:     | Figures in brackets indicate cash outflow                     |                        |

**Balance Sheet of the Company as on March 31, 2015**

| Particulars                    | As at March 31, 2015 |                      | As at March 31, 2014 |                      |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                | Rs.                  | Rs.                  | Rs.                  | Rs.                  |
| <b>EQUITY AND LIABILITIES</b>  |                      |                      |                      |                      |
| <b>Shareholders' fund</b>      |                      |                      |                      |                      |
| a. Share capital               | 5,300,000            |                      | 5,300,000            |                      |
| b. Reserves and surplus        | (1,834,871,020)      | (1,829,571,020)      | (885,644,042)        | (880,344,042)        |
| <b>Non-current liabilities</b> |                      |                      |                      |                      |
| a. Long term Borrowings        | 5,500,000,000        |                      | 3,500,000,000        |                      |
| b. Other Long Term Liabilities | 1,145,722,124        | 6,645,722,124        | 574,764,782          | 4,074,764,782        |
| <b>Current liabilities</b>     |                      |                      |                      |                      |
| a. Short Term Borrowings       | -                    |                      | 1,000,000,000        |                      |
| b. Trade Payables              | 3,017,065            |                      | 25,282,955           |                      |
| c. Other Current Liabilities   | 270 255,134          | 273,272,199          | 147,127,426          | 1,172,410,381        |
| <b>TOTAL</b>                   |                      | <b>5,089,423,303</b> |                      | <b>4,366,831,121</b> |
| <b>ASSETS</b>                  |                      |                      |                      |                      |
| <b>Non-current assets</b>      |                      |                      |                      |                      |
| Fixed Assets                   |                      |                      |                      |                      |
| Tangible Assets                | 2,528                |                      | 11,611               |                      |
| Capital Work in Progress       | -                    | 2,528                | -                    | 11,611               |
| Non Current Investments        | 4,956,950,000        |                      | 4,145,890,100        |                      |
| Deferred Tax Asset - net       | 6,990,000            |                      | 7,350,000            |                      |
| Long term loan and advances    | 3,369,725            |                      | 3,369,725            |                      |
| Other non current assets       | 51,379,652           | 5,018,689,377        | 62,410,498           | 4,219,020,323        |
| <b>Current assets</b>          |                      |                      |                      |                      |
| Trade receivables              | 16,266,255           |                      | 34,516,467           |                      |
| Cash and bank balances         | 22,780,053           |                      | 82,753,259           |                      |
| Short term loans and advance   | 17,105,254           |                      | 16,321,036           |                      |
| Other current assets           | 14,579,836           | 70,731,398           | 14,209,425           | 147,799,187          |
| <b>TOTAL</b>                   |                      | <b>5,089,423,303</b> |                      | <b>4,366,831,121</b> |

**Statement of Profit and Loss of the Company for the Year Ended March 31, 2015**

| Particulars                                      | For the period<br>ended March 31,<br>2015 | For the year<br>ended March<br>31, 2014 |
|--------------------------------------------------|-------------------------------------------|-----------------------------------------|
|                                                  | Rs.                                       | Rs.                                     |
| <b>Income</b>                                    |                                           |                                         |
| Revenue from Operations                          | 44,990,755                                | 1,23,824,052                            |
| Other Income                                     | 5,437,354                                 | 6,300,824                               |
| <b>Total Revenue</b>                             | <b>50,428,109</b>                         | <b>130,124,876</b>                      |
|                                                  |                                           |                                         |
| <b>Expenses</b>                                  |                                           |                                         |
| Purchase of traded goods                         | 14,409,958                                | 80,559,771                              |
| Employee benefit expense                         | 56,325,977                                | 54,694,652                              |
| Other expenses                                   | 14,076,710                                | 6,846,945                               |
| Finance costs                                    | 914,473,359                               | 626,590,623                             |
| Depreciation and amortization expense            | -                                         | 4,653                                   |
| <b>Total Expenses</b>                            | <b>999,286,004</b>                        | <b>768,696,644</b>                      |
|                                                  |                                           |                                         |
| <b>Profit before tax</b>                         | <b>(948,857,895)</b>                      | <b>(638,571,768)</b>                    |
|                                                  |                                           |                                         |
| <b>Tax Expenses</b>                              |                                           |                                         |
| - Current Tax                                    | -                                         | -                                       |
| - Excess Tax provision of previous year reversed | -                                         | 416,883                                 |
| - Deferred Tax                                   | (363,143)                                 | 3,830,000                               |
| <b>Total Tax Expense</b>                         | <b>(363,143)</b>                          | <b>4,246,883</b>                        |
|                                                  |                                           |                                         |
| <b>Profit/(Loss) for the year</b>                | <b>(949,221,038)</b>                      | <b>(634,324,885)</b>                    |
|                                                  |                                           |                                         |
| <b>EARNINGS PER SHARE</b>                        |                                           |                                         |
| Basic (F.V Rs.10/- per share)                    | <b>(1,790.98)</b>                         | <b>(1,196.84)</b>                       |
| Earning Per Share - Diluted                      | <b>(1,790.98)</b>                         | <b>(1,196.84)</b>                       |

**Cash Flow Statement of the Company for the Year Ended March 31, 2015**

| PARTICULARS                                                     | For the year ended<br>March 31, 2015 | For the year ended<br>March 31, 2014 |
|-----------------------------------------------------------------|--------------------------------------|--------------------------------------|
|                                                                 | Rs.                                  | Rs.                                  |
| <b>A) Cash flows From Operating Activities</b>                  |                                      |                                      |
| Net Profit Before Tax                                           | (948,857,895)                        | (638,571,768)                        |
| <u>Adjustments for:</u>                                         |                                      |                                      |
| Depreciation and amortisation                                   | -                                    | 4,653                                |
| Difference in exchange                                          | (854,826)                            | (24,042)                             |
| Interest and finance charges                                    | 914,473,359                          | 626,590,623                          |
| Share of income from partnership firm                           | (898,756)                            | (3,915,263)                          |
| Interest received                                               | -                                    | -                                    |
| <b>Operating profit Before Working Capital Changes</b>          | <b>(36,138,118)</b>                  | <b>(15,915,797)</b>                  |
| Adjustments for changes in:                                     |                                      |                                      |
| Trade and other receivables                                     | 19,947,863                           | 1,004,027                            |
| Trade and other payables                                        | 3,024,917                            | 12,697,992                           |
| <b>Cash Generated from Operations</b>                           | <b>(13,165,338)</b>                  | <b>(2,213,778)</b>                   |
| Income taxes paid                                               | (2,329,471)                          | (4,032,952)                          |
| <b>Net Cash used in Operating Activities</b>                    | <b>(15,494,809)</b>                  | <b>(6,246,730)</b>                   |
|                                                                 |                                      |                                      |
| <b>B) Cash Flows from Investing Activities</b>                  |                                      |                                      |
| Purchase of fixed assets and capital advances                   | -                                    | (3,300)                              |
| Share of income from partnership firm                           | 898,756                              | 3,915,263                            |
| Investments                                                     | (811,059,900)                        | (772,390,000)                        |
| <b>Net Cash generated from Investing Activities</b>             | <b>(810,061,144)</b>                 | <b>(768,478,037)</b>                 |
|                                                                 |                                      |                                      |
| <b>C) Cash Flows from Financing Activities</b>                  |                                      |                                      |
| Interest and finance charges paid                               | (234,317,253)                        | (218,974,140)                        |
| Proceeds from long term borrowings                              | 2,000,000,000                        | -                                    |
| Proceeds/ (repayment) of short term borrowings                  | (1,000,000,000)                      | 1,000,000,000                        |
| <b>Net Cash generated from Financing Activities</b>             | <b>765,682,747</b>                   | <b>781,025,860</b>                   |
|                                                                 |                                      |                                      |
| <b>Net Increase / (Decrease) in Cash &amp; Cash equivalents</b> | <b>(59,973,206)</b>                  | <b>6,301,093</b>                     |
| Cash & Cash Equivalents at Beginning of the year                | 82,753,259                           | 76,452,166                           |
| Cash & Cash Equivalents at the End of the Year                  | 22,780,053                           | 82,753,259                           |

**Balance Sheet of the Company as on March 31, 2014**

| Particulars                    | As at March 31, 2014 |                      | As at March 31, 2013 |                      |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                | Rs.                  | Rs.                  | Rs.                  | Rs.                  |
| <b>EQUITY AND LIABILITIES</b>  |                      |                      |                      |                      |
| <b>Shareholders' fund</b>      |                      |                      |                      |                      |
| a. Share capital               | 5,300,000            |                      | 5,300,000            |                      |
| b. Reserves and surplus        | (885,644,042)        | (880,344,042)        | (251,319,157)        | (246,019,157)        |
|                                |                      |                      |                      |                      |
| <b>Non-current liabilities</b> |                      |                      |                      |                      |
| a. Long term Borrowings        | 3,500,000,000        |                      | 3,500,000,000        |                      |
| b. Other Long Term Liabilities | 574,764,782          | 4,074,764,782        | 208,513,218          | 3,708,513,218        |
|                                |                      |                      |                      |                      |
| <b>Current liabilities</b>     |                      |                      |                      |                      |
| a. Short Term Borrowings       | 1,000,000,000        |                      | -                    |                      |
| b. Trade Payables              | 25,282,955           |                      | 15,306,024           |                      |
| c. Other Current Liabilities   | 147,127,426          | 1,172,410,381        | 117,048,716          | 132,354,740          |
|                                |                      |                      |                      |                      |
| <b>TOTAL</b>                   |                      | <b>4,366,831,121</b> |                      | <b>3,594,848,801</b> |
|                                |                      |                      |                      |                      |
| <b>ASSETS</b>                  |                      |                      |                      |                      |
| <b>Non-current assets</b>      |                      |                      |                      |                      |
| Fixed Assets                   |                      |                      |                      |                      |
| Tangible Assets                | 11,611               |                      | 12,964               |                      |
| Capital Work in Progress       | -                    | 11,611               | -                    | 12,964               |
|                                |                      |                      |                      |                      |
| Non Current Investments        | 4,145,890,100        |                      | 3,373,500,100        |                      |
| Deferred Tax Asset - net       | 7,350,000            |                      | 3,520,000            |                      |
| Long term loan and advances    | 3,369,725            |                      | 3,369,725            |                      |
| Other non current assets       | 62,410,498           | 4,219,020,323        | 76,393,726           | 3,456,783,551        |
|                                |                      |                      |                      |                      |
| <b>Current assets</b>          |                      |                      |                      |                      |
|                                |                      |                      |                      |                      |
| Trade receivables              | 34,515,467           |                      | 32,476,641           |                      |
| Cash and bank balances         | 82,753,259           |                      | 76,452,166           |                      |
| Short term loans and advance   | 16,321,036           |                      | 14,707,646           |                      |
| Other current assets           | 14,209,425           | 147,799,187          | 14,415,833           | 138,052,286          |
|                                |                      |                      |                      |                      |
| <b>TOTAL</b>                   |                      | <b>4,366,831,121</b> |                      | <b>3,594,848,801</b> |

**Statement of Profit and Loss for the Year Ended March 31, 2014**

| Particulars                                      | For the year<br>ended March 31,<br>2014 | For the year<br>ended March 31,<br>2013 |
|--------------------------------------------------|-----------------------------------------|-----------------------------------------|
|                                                  | Rs.                                     | Rs.                                     |
| <b>Income</b>                                    |                                         |                                         |
| Revenue from Operations                          | 123,824,052                             | 60,956,355                              |
| Other Income                                     | 6,300,824                               | 15,422,780                              |
| <b>Total Revenue</b>                             | <b>130,124,876</b>                      | <b>76,379,135</b>                       |
|                                                  |                                         |                                         |
| <b>Expenses</b>                                  |                                         |                                         |
| Purchase of traded goods                         | 80,559,771                              | 31,591,022                              |
| Employee benefit expense                         | 54,694,652                              | 16,705,372                              |
| Other expenses                                   | 6,846,945                               | 11,962,486                              |
| Finance costs                                    | 626,590,623                             | 348,349,876                             |
| Depreciation and amortization expense            | 4,653                                   | 1,353                                   |
| <b>Total Expenses</b>                            | <b>768,696,644</b>                      | <b>408,610,109</b>                      |
|                                                  |                                         |                                         |
| <b>Profit / (Loss) before tax</b>                | <b>(638,571,768)</b>                    | <b>(332,230,974)</b>                    |
|                                                  |                                         |                                         |
| <b>Tax Expenses</b>                              |                                         |                                         |
| - Current Tax                                    | -                                       | (2,715,215)                             |
| - Excess Tax provision of previous year reversed | 416,883                                 | -                                       |
| - Deferred Tax                                   | 3,830,000                               | -                                       |
| <b>Total Tax Expense</b>                         | <b>4,246,883</b>                        | <b>(2,715,215)</b>                      |
|                                                  |                                         |                                         |
| <b>Profit/(Loss) for the year</b>                | <b>(634,324,885)</b>                    | <b>(334,946,189)</b>                    |
|                                                  |                                         |                                         |
| <b>EARNINGS PER SHARE</b>                        |                                         |                                         |
| Basic (F.V Rs.10/- per share)                    | (1,196.84)                              | (631.97)                                |
| Earnings Per Share - Diluted                     | (1,196.84)                              | (631.97)                                |

**Cash Flow Statement of the Company for the Year Ended March 31, 2014**

| PARTICULARS                                                     | For the year ended<br>March 31, 2014 | For the year ended 31 <sup>st</sup><br>March, 2013 |
|-----------------------------------------------------------------|--------------------------------------|----------------------------------------------------|
|                                                                 | Rs.                                  | Rs.                                                |
| <b>A) Cash flows From Operating Activities</b>                  |                                      |                                                    |
| Net Profit Before Tax                                           | (638,571,768)                        | (332,230,974)                                      |
| <u>Adjustments for:</u>                                         |                                      |                                                    |
| Depreciation and amortization                                   | 4,653                                | 1,353                                              |
| Difference in exchange                                          | (24,042)                             | (69,445)                                           |
| Interest and finance charges                                    | 626,590,623                          | 348,349,876                                        |
| Share of income from partnership firm                           | (3,915,263)                          | (13,384,792)                                       |
| Interest received                                               | -                                    | -                                                  |
| <b>Operating profit Before Working Capital Changes</b>          | <b>(15,915,797)</b>                  | <b>2,666,018</b>                                   |
| Adjustments for changes in:                                     |                                      |                                                    |
| Trade and other receivables                                     | 1,004,027                            | (27,527,994)                                       |
| Trade and other payables                                        | 12,697,992                           | 39,076,824                                         |
| <b>Cash Generated from Operations</b>                           | <b>(2,213,778)</b>                   | <b>14,214,848</b>                                  |
| Income taxes paid                                               | (4,032,952)                          | (2,480,367)                                        |
| <b>Net Cash used in Operating Activities</b>                    | <b>(6,246,730)</b>                   | <b>11,734,481</b>                                  |
| <b>B) Cash Flows from Investing Activities</b>                  |                                      |                                                    |
| Purchase of fixed assets and capital advances                   | (3,300)                              | -                                                  |
| Share of income from partnership firm                           | 3,915,263                            | 13,384,792                                         |
| Investments                                                     | (772,390,000)                        | (3,373,500,000)                                    |
| <b>Net Cash generated from Investing Activities</b>             | <b>(768,478,037)</b>                 | <b>(3,360,115,208)</b>                             |
| <b>C) Cash Flows from Financing Activities</b>                  |                                      |                                                    |
| Interest and finance charges paid                               | (218,974,140)                        | (159,768,418)                                      |
| Proceeds from long term borrowings                              | -                                    | 3,500,000,000                                      |
| Proceeds/ (repayment) of short term borrowings                  | 1,000,000,000                        | -                                                  |
| <b>Net Cash generated from Financing Activities</b>             | <b>781,025,860</b>                   | <b>3,340,231,582</b>                               |
| <b>Net Increase / (Decrease) in Cash &amp; Cash equivalents</b> | <b>6,301,093</b>                     | <b>(8,149,145)</b>                                 |
| Cash & Cash Equivalents at Beginning of the year                | 76,452,166                           | 84,601,311                                         |
| Cash & Cash Equivalents at the End of the Year                  | 82,753,259                           | 76 452,166                                         |

**Balance Sheet of the Company as on March 31, 2013**

| Particulars                    | As at March 31, 2013 |                      | As at March 31, 2012 |                    |
|--------------------------------|----------------------|----------------------|----------------------|--------------------|
|                                | Rs.                  | Rs.                  | Rs.                  | Rs.                |
| <b>EQUITY AND LIABILITIES</b>  |                      |                      |                      |                    |
| <b>Shareholders' fund</b>      |                      |                      |                      |                    |
| a. Share capital               | 5,300,000            |                      | 5,300,000            |                    |
| b. Reserves and surplus        | (251,319,157)        | (246,019,157)        | 83,627,032           | 88,927,032         |
|                                |                      |                      |                      |                    |
| <b>Non-current liabilities</b> |                      |                      |                      |                    |
| a. Long term Borrowings        | 3,500,000,000        |                      | -                    |                    |
| b. Other Long Term Liabilities | 208,906,485          | 3,708,906,485        | 6,745,926            | 6,745,926          |
|                                |                      |                      |                      |                    |
| <b>Current liabilities</b>     |                      |                      |                      |                    |
| a. Trade Payables              | 15,306,024           |                      | 10,785,390           |                    |
| b. Other Current Liabilities   | 116,655,449          | 131,961,473          | 7,187,341            | 17,972,731         |
|                                |                      |                      |                      |                    |
| <b>TOTAL</b>                   |                      | <b>3,594,848,801</b> |                      | <b>113,645,689</b> |
|                                |                      |                      |                      |                    |
| <b>ASSETS</b>                  |                      |                      |                      |                    |
| <b>Non-current assets</b>      |                      |                      |                      |                    |
| Fixed Assets                   |                      |                      |                      |                    |
| Tangible Assets                | 12,964               |                      | 14,317               |                    |
| Capital Work in Progress       | -                    | 12,964               | -                    | 14,317             |
|                                |                      |                      |                      |                    |
| Non Current Investments        | 3,373,500,100        |                      | 100                  |                    |
| Deferred Tax Asset - net       | 3,520,000            |                      | 3,520,000            |                    |
| Long term loan and advances    | 3,369,725            |                      | 3,228,629            |                    |
| Other non current assets       | 76,393,726           | 3,456,783,551        | 1,816,490            | 8,565,219          |
|                                |                      |                      |                      |                    |
| <b>Current assets</b>          |                      |                      |                      |                    |
| Trade receivables              | 32,476,641           |                      | 15,641,996           |                    |
| Cash and bank balances         | 76,452,166           |                      | 84,601,311           |                    |
| Short term loans and advance   | 14,707,646           |                      | 4,821,179            |                    |
| Other current assets           | 14,415,833           | 138,052,286          | 1,667                | 105,066,153        |
|                                |                      |                      |                      |                    |
| <b>TOTAL</b>                   |                      | <b>3,594,848,801</b> |                      | <b>113,645,689</b> |

**Statement of Profit and Loss of the Company for the Year Ended March 31, 2013**

| Particulars                           | For the period ended<br>March 31, 2013 | For the year ended<br>March 31, 2012 |
|---------------------------------------|----------------------------------------|--------------------------------------|
|                                       | Rs.                                    | Rs.                                  |
| <b>Income</b>                         |                                        |                                      |
| Revenue from Operations               | 60,956,355                             | 30,073,650                           |
| Other Income                          | 15,422,780                             | 5,304,886                            |
| <b>Total Revenue</b>                  | <b>76,379,135</b>                      | <b>35,378,536</b>                    |
|                                       |                                        |                                      |
| <b>Expenses</b>                       |                                        |                                      |
| Purchase of traded goods              | 31,591,022                             | 11,226,663                           |
| Employee benefit expense              | 16,705,372                             | 10,338,039                           |
| Other expenses                        | 11,962,486                             | 5,466,268                            |
| Finance costs                         | 348,349,876                            | 308,538                              |
| Depreciation and amortization expense | 1,353                                  | 2,373                                |
| <b>Total Expenses</b>                 | <b>408,610,109</b>                     | <b>27,341,881</b>                    |
|                                       |                                        |                                      |
| <b>Profit before tax</b>              | <b>(332,230,974)</b>                   | <b>8,036,655</b>                     |
|                                       |                                        |                                      |
| <b>Tax Expenses</b>                   |                                        |                                      |
| - Current Tax                         | (2,715,215)                            | (2,147,072)                          |
| - Deferred Tax                        | -                                      | 1,088,000                            |
| <b>Total Tax Expense</b>              | <b>(2,715,215)</b>                     | <b>(1,059,072)</b>                   |
|                                       |                                        |                                      |
| <b>Profit/(Loss) for the year</b>     | <b>(334,946,189)</b>                   | <b>6,977,583</b>                     |
|                                       |                                        |                                      |
| <b>EARNINGS PER SHARE</b>             |                                        |                                      |
| Basic (F.V Rs.10/- per share)         | (631.97)                               | 13.17                                |
| Earning Per Share - Diluted           | (631.97)                               | 13.17                                |

**Cash Flow Statement of the Company for the Year Ended March 31, 2013**

| PARTICULARS                                                     | For the year ended<br>March 31, 2013 | For the period ended<br>March 31, 2012 |
|-----------------------------------------------------------------|--------------------------------------|----------------------------------------|
|                                                                 | Rs.                                  | Rs.                                    |
| <b>A) Cash flows From Operating Activities</b>                  |                                      |                                        |
| Profit Before Tax                                               | (332,230,974)                        | 8,036,655                              |
| <u>Adjustments for :</u>                                        |                                      |                                        |
| Depreciation and amortization                                   | 1,353                                | 2,373                                  |
| Difference in exchange                                          | (69,445)                             | 22,495                                 |
| Interest and Finance Charges                                    | 348,349,876                          | 308,538                                |
| Share of income from partnership firm                           | (13,384,792)                         | (4,694,220)                            |
| Interest Received                                               | -                                    | -                                      |
| <b>Operating Profit before Working Capital changes</b>          | <b>2,666,018</b>                     | <b>3,675,841</b>                       |
| <u>Adjustments for :</u>                                        |                                      |                                        |
| Trade and Other Receivables                                     | (116,088,458)                        | 1,563,648                              |
| Trade and other payables                                        | 316,218,746                          | 7,339,039                              |
| <b>Cash Generated from Operations</b>                           | <b>202,796,306</b>                   | <b>12,578,528</b>                      |
| Income taxes paid                                               | (2,480,367)                          | 257,437                                |
| <b>Net Cash used in Operating Activities</b>                    | <b>200,315,939</b>                   | <b>12,835,965</b>                      |
| <b>B) Cash Flows from Investing Activities</b>                  |                                      |                                        |
| Share of income from partnership firm                           | 13,384,792                           | 4,694,220                              |
| Investments                                                     | (3,373,500,000)                      | -                                      |
| <b>Net Cash generated from Investing Activities</b>             | <b>(3,360,115,208)</b>               | <b>4,694,220</b>                       |
| <b>C) Cash Flows from Financing Activities</b>                  |                                      |                                        |
| Interest and finance charges paid                               | (348,349,876)                        | (308,538)                              |
| Proceeds from long term borrowings                              | 3,500,000,000                        | -                                      |
| <b>Net Cash generated from Financing Activities</b>             | <b>3,151,650,124</b>                 | <b>(308,538)</b>                       |
| <b>Net Increase / (Decrease) in Cash &amp; Cash equivalents</b> | <b>(8,149,145)</b>                   | <b>17,221,647</b>                      |
| <b>Cash &amp; Cash Equivalents at Beginning of the year</b>     | <b>84,601,311</b>                    | <b>67,379,664</b>                      |
| <b>Cash &amp; Cash Equivalents at the End of the Year</b>       | <b>76,452,166</b>                    | <b>84,601,311</b>                      |

## **SECTION 6: TRANSACTION DOCUMENTS**

### **6.1 Transaction Documents**

Documentation shall be in form and substance customary for transactions of this nature and satisfactory to all parties, including, but not limited to, the Draft Information Memorandum, Debenture Trust Deed, the Debenture Trustee Agreement, Debenture Subscription Agreement, Deed of Hypothecation, Deed of Mortgage, the Escrow Agreement, the Memorandum of Pledge, any instrument required to create security over the Properties, any instruments or documents mutually agreed between the Company and the Debenture Trustee (acting in accordance with Approved Instructions).

## SECTION 7: OTHER INFORMATION AND ISSUE PROCEDURE

The Debentures being offered as part of the Issue are subject to the provisions of the Companies Act, SEBI Debt Listing Regulations, the Memorandum and Articles of Association of the Issuer, the terms of this Draft Information Memorandum, Application Form and other terms and conditions as may be contained in the Transaction Documents.

### 7.1 Mode of Transfer/Transmission of Debentures

The Debentures shall be transferable freely. The Debentures shall be transferred and/or transmitted in accordance with the applicable provisions of the Companies Act and other applicable laws. The provisions relating to transfer, transmission and other related matters in respect of shares of the Issuer contained in the Articles of Association of the Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable to Debentures), to the Debentures as well. The Debentures held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by the Depository and the relevant DPs of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, amounts due will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the R&T Agent as on the Record Date, under all circumstances. In cases where the transfer formalities have not been completed by the transferor, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in dematerialised form. The seller should give delivery instructions – containing details of the buyer's DP account to his DP.

### 7.2 Debentures held in Dematerialised Form

The Company has entered into Depository arrangements with National Securities Depository Limited (NSDL) for dematerialization of the Debentures. The investor has to necessarily hold the Debentures in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996 (as amended from time to time). The normal procedures followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Applicants are requested to mention their Depository Participant's name, DP-ID and Beneficiary Account Number/Client ID in the appropriate place in the Application Form. In case the depository arrangement is finalized before the completion of all legal formalities for issue of Debenture Certificates, Debentures to successful allottee(s) having Depository Account shall be credited to their Depository Account against surrender of Letter of Allotment.

The Debentures shall be held in dematerialised form and no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque/fund transfer/RTGS to those Debenture Holder(s) whose names appear on the list of beneficiaries maintained by the R&T Agent. Only those Debenture Holders whose names appear as beneficiaries as per the R&T Agent's records on the relevant Record Date would be considered for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The list of beneficiaries as of the relevant Record Date setting out the relevant beneficiaries' name and account number, address, bank details and DP's identification number will be given by the R&T Agent to the Issuer. If permitted, the Issuer may transfer payments required to be made in any relation by NEFT/RTGS to the bank account of the Debenture Holder(s) for redemption payments.

### 7.3 Undertaking that Issuer shall use a Common Form of Transfer

The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of the Debentures held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant account to its depository participant. The Company undertakes that there will be a common transfer form/procedure for transfer of debentures.

#### **7.4 Trustee for the Debenture Holder(s)**

The Issuer has appointed IDBI Trusteeship Services Limited to act as trustee for the Debenture Holder(s). A Debenture Trust Deed shall be executed inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holder(s) in regard to the repayment of principal and yield thereon and it will take necessary action, subject to and in accordance with the Debenture Trust Deed, at the cost of the Issuer. The Debenture Trust Deed shall more specifically set out the rights and remedies of the Debenture Holder(s) and the manner of enforcement thereof.

#### **7.5 Resignation/retirement of the Debenture Trustee shall be as per terms of the Debenture Trust Deed. In case of any contradiction between the Information Memorandum and the Transaction Document(s) to be signed/ already signed with the Debenture Trustee, the contents of the latter shall prevail.**

#### **7.6 Debenture Holder not a Shareholder**

The Debenture Holders shall not be entitled to any right and privileges of shareholders other than those available to them under the Companies Act. The Debentures shall not confer upon the Debenture Holders the right to receive notices or to attend and to vote at any general meetings of the shareholders of the Issuer.

#### **7.7 Modification of Debentures**

The Debenture Trustee and the Issuer will make only those modifications in the terms of the Debentures which in the opinion of the Debenture Trustee is of a formal, minor or technical nature or is to correct a manifest error.

#### **7.8 Right to accept or reject Applications**

The Board of Directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to the Debentures, in part or in full, without assigning any reason thereof.

#### **7.9 Notices**

Any notice, request or other communication to be made or given, by Issuer/Debenture Trustee to Debenture Holders or vice-versa, shall be in writing unless otherwise stated. Such notice, demand request or other communication shall be deemed to have been duly given or made when it shall be sent by any of the following means: (a) delivered personally, or (b) sent by facsimile transmission, or (c) sent by registered mail with acknowledgment due, postage prepaid, or (d) sent by e-mail.

#### **7.10 Details of utilisation of the issue proceeds and the term loan**

The total proceeds of the Issue will be upto Rs. 1,800 Crores (Rs. One Thousand and eight hundred crores only)

Subject to compliance with applicable laws and regulations, it is intended to use the net proceeds of the Issue for retiring existing debt and the balance towards investment.

#### **7.11 Issue Procedure**

All Application Forms, duly completed, together with cheque/ demand draft or details of fund transfer for the amount payable on application must be delivered before the closing date of the issue to the Issuer.

Applications for the Debentures must be in the prescribed form (enclosed) and completed in BLOCK CAPITAL LETTERS in English and as per the instructions contained therein.

Applications complete in all respects (along with all necessary documents as detailed in this Information Memorandum) must be submitted before the last date indicated in the issue time table or such extended time as decided by the Issuer, accompanied by the subscription amount by way of cheque(s)/ demand draft(s)/electronic mode/RTGS drawn on any bank including a co-operative bank which is situated at and is a member of the bankers' clearing house.

Outstation cheque(s)/ Bank draft(s) drawn on Bank(s) not participating in the clearing process at the designated clearing centres will not be accepted. Money orders/ postal orders will also not be accepted. The Company assumes no responsibility for any applications/ cheques/ demand drafts lost in mail.

No separate receipt will be issued for the application money. As a matter of precaution against possible fraudulent encashment of interest warrants/ cheques due to loss/ misplacement, the applicant should furnish the full particulars of his or her bank account (i.e. Account Number, name of the bank and branch) at the appropriate place in the Application Form. Interest warrants will then be made out in favour of the bank for credit to his/ her account so specified and dispatched to the investors, who may deposit the same in the said bank.

## 7.12 Payment Instructions

The Application Form should be submitted along with cheque(s)/draft(s) favouring '[●]', crossed "Account Payee Only". Applicants can alternatively remit the application amount through RTGS on Pay-in Date. The RTGS details of the Issuer are as under:

Name of A/c: [●]

Account No: [●]

Bank Name and Address of Bank: IDFC Bank Limited

IFSC Code: [●]

Swift Code: [●]

Monies received shall be utilised only after final listing and trading permission is obtained from the Stock Exchange;

## 7.13 Eligible Investors

The following categories of Investors, when specifically approached, are eligible to apply for this private placement of Debentures subject to fulfilling their respective investment norms/rules and compliance with laws applicable to them by submitting all the relevant documents along with the Application Form:

- Individuals;
- Provident funds, pension funds, Superannuation funds and Gratuity funds;
- Mutual funds;
- Companies, Bodies corporate and Societies;
- Insurance companies;
- NBFCs and Residuary NBFCs;
- Foreign Institutional Investors (FIIs);
- Foreign Portfolio Investors (FPIs)
- Banks; and
- Any other investor category eligible to invest subject to current applicable rules, act, laws etc

All Investors are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debentures.

Only those investors listed above, who are individually addressed through direct communication by the Company, are eligible to apply for the Debentures. No other person may apply. Hosting of Information Memorandum on the website of the Stock Exchange should not be construed as an offer to Issue and the same has been hosted only as it is stipulated by SEBI.

### Application not to be made by

- 1) Hindu Undivided Family (neither by the name of the Karta);
- 2) Partnership Firms or their nominees

- 3) Limited liability partnerships formed and registered under the provisions of the Limited Liability
- 4) Partnership Act, 2008 (No. 6 of 2009);
- 5) Overseas Corporate Bodies (OCBs);
- 6) Non Resident Indians (NRIs)

**Note:** Participation by potential investors in the issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them. Nothing contained herein shall however preclude any and all entities/persons eligible to acquire and hold debentures in accordance with applicable law requirements to acquire such Debentures pursuant to any transfer of such Debentures post listing.

#### **7.14 Procedure for Applying for Dematerialised Facility**

- a) The applicant must have at least one beneficiary account with any of the DP's of the Depository prior to making the application.
- b) The applicant should fill in the details (including the beneficiary account number and DP – ID) appearing in the Application Form under the heading 'Details for Issue of Debentures in Electronic/Dematerialised Form'.
- c) The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within 2 days from the Deemed Date of Allotment.
- d) For subscribing to the Debentures, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.
- e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the R&T Agent.
- f) If incomplete/incorrect details are given under the heading "Details for Issue of Debentures in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.
- g) For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.
- h) The redemption amount or other benefits would be paid to those Debenture Holders whose names appear on the list of beneficial owners maintained by the R&T Agent as on the Record Date. In case of those Debentures for which the beneficial owner is not identified in the records of the R&T Agent as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, till such time that the beneficial owner is identified by the R&T Agent and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

#### **7.15 Depository Arrangements**

The Issuer shall make necessary arrangement with the Depository for issue and holding of the Debentures in dematerialised form.

As per the provisions of the Depositories Act, 1996, the Debentures issued by the Company shall be held in a dematerialized/electronic form, i.e. not in the form of physical certificates.

#### **7.16 List of Beneficiaries**

The Issuer shall request the R&T Agent to provide a list of beneficiaries as at the end of each Record Date. This shall be the list, which will be used for payment of amounts due to the Debenture Holders and/or other benefits.

#### **7.17 Application under Power of Attorney**

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories of the Investor and the tax exemption certificate/document of the Investor, if any, must be lodged along with the submission of the completed Application Form. Further modifications/additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the 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. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

#### **7.18 Documents to be provided by investors**

Investors need to submit the following documents, as applicable:

- (i) Memorandum and Articles of Association or other constitutional documents;
- (ii) Resolution authorising investment;
- (iii) Certified true copy of Power of Attorney (if any);
- (iv) Specimen signatures of the authorised signatories duly certified by an appropriate authority;
- (v) Copy of PAN card; and
- (vi) Duly completed Application Form (including RTGS details)

#### **7.19 Applications to be accompanied with Bank Account Details**

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of redemption amount and all other amounts payable to the Debenture Holder(s) through NEFT/RTGS.

#### **7.20 Succession**

In the event of winding-up of the holder of the Debenture(s), the Issuer will recognize the executor or administrator of the concerned Debenture Holder(s), or the other legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such executor or administrator or other legal representative as having title to the Debenture(s), unless such executor or administrator obtains probate or letter of administration or other legal representation, as the case may be, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or other legal representation, in order to recognize such holder as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on production of sufficient documentary proof and/or an indemnity.

#### **7.21 Mode of Payment**

All payments must be made through cheque(s)/draft(s)/ NEFT/ RTGS, Swift transfer or any other means available in the banking channel, as set out in the Application Form.

#### **7.22 Effect of Holidays**

In case any due date for any payment falls on a day which is not a Business Day, the payment of such coupon shall be made on immediately preceeding Business Day.

In case the maturity date falls on a day which is not a Business Day, the redemption proceeds shall be paid on immediately preceding Business Day.

### **7.23 Tax Deduction at Source**

All payments by the Company to the Debenture Holder shall be made free and clear of and without any deduction, except to the extent that the Company is required by law to make payment subject to any taxes applicable in respect of the income of the Debenture Holders.

For seeking TDS exemption/lower rate of TDS, relevant certificate/document must be lodged by the Debenture Holders at the office of the R&T Agents of the Company at least 15 (Fifteen) Business Days before the relevant payment becoming due. Tax exemption certificate/ declaration of non deduction of tax at source on interest on application money, should be submitted along with the Application Form.

### **7.24 Global Certificate**

As provided by the Companies Act, a company shall allot its securities within sixty days from the date of receipt of the application money for such securities.

A global certificate, indicating allotment of the Debentures, shall be issued by the Issuer to Debenture Trustee on Deemed date of allotment.

If the Company is not able to allot the Debentures within sixty days from the date of receipt of the application money for such securities, the Company shall refund the application money within 15 days from the date of completion of sixty days from the date of receipt of application money. If the Company fails to repay the application money within such 15 days, it shall be liable to repay that money with interest as per the applicable provisions of the Companies Act, 2013.

### **7.25 Status of NCDs**

The NCDs shall rank pari-passu inter se and without any preference or priority among themselves. Subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, the NCDs shall also, as regards the principal amount of the NCDs, interest and all other monies secured in respect of the NCDs, rank pari-passu with all other present and future holders of debentures issued by the Company in the same category.

### **7.26 Deemed Date of Allotment**

All the benefits under the Debentures will accrue to the Investor from the specified Deemed Date of Allotment.

### **7.27 Record Date**

The Record Date will be 15 (fifteen) days prior to the proposed date of payment, whereon payments are to be made by the Company to the Debenture Holders, whose name appears in the Register of beneficial owners maintained by the Depositories under all circumstances on the record date, in accordance with the terms of the Transaction Documents.

### **7.28 Refunds**

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 7 (seven) Business Days from the Deemed Date of Allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the Registrar shall upon receiving instructions in relation to the same from the Issuer, repay the moneys to the extent of such excess, if any.

### **7.29 Underwriting**

The present Issue of Debentures is on private placement basis and has not been underwritten.

### **7.30 Permanent Account Number**

Every applicant should mention its Permanent Account Number ("PAN") allotted under Income Tax Act, 1961, on the Application Form and attach a self attested copy as evidence. Application forms without PAN will be considered incomplete and are liable to be rejected.

### **7.31 Payment on Redemption**

Payment on redemption will be made by way of cheque(s)/redemption warrant(s)/demand draft(s)/credit through NEFT/RTGS system/funds transfer in the name of the Debenture Holder(s) whose names appear on the list of beneficial owners given by the Depository to the Issuer as on the Record Date.

The Debentures shall be taken as discharged on payment of the redemption amount by the Issuer on maturity to the Debenture Holder(s) whose name appears in the register of debenture holder(s) on the Record Date. On such payment being made, the Issuer will inform NSDL/CDSL and accordingly the account of the Debenture Holder(s) with NSDL/CDSL will be adjusted.

On the Issuer dispatching the amount as specified above in respect of the Debentures, the liability of the Issuer shall stand extinguished.

### **7.32 Loss of Certificates / Refund Cheques**

Loss of certificates / refund cheques should be intimated to the Company along with request for duplicate issue. The issue of duplicates in this regard shall be governed by applicable law.

### **7.33 Discount on the Offer Price**

The Debentures have been offered for cash at par and there is no discount to any Investors.

### **7.34 Debenture Redemption Reserve (DRR)**

The Issuer shall maintain Debenture Redemption Reserve as per the requirements of the Companies Act, 2013.

### **7.35 Market Lot**

The market lot will be one Debenture ("Market Lot").

### **7.36 Debenture Trust Deed to prevail being a principal document**

The Debenture Trust Deed shall be the principal document for the purpose of transaction contemplated herein and security being created for securing the payment of obligations. All other Transaction Documents including those recording the security being Memorandum of Pledge, Deed of Hypothecation, Deed of Mortgage shall be ancillary documents. In the event of any repugnancy or inconsistency between this Information Memorandum or any other Transaction Document, Debenture Trust Deed will prevail for all purposes and to all intents.

**DISCLAIMER:**

Please note that only those persons to whom the Information Memorandum shall be specifically addressed are eligible to apply. However, an application, even if complete in all respects, is liable to be rejected without assigning any reason for the same. The list of documents provided above is only indicative, and an investor is required to provide all those documents/authorizations/information, which are likely to be required by the Issuer. Investment by investors falling in the categories mentioned above are merely indicative and the Issuer does not warrant that they are permitted to invest as per extant laws, regulations, etc. Each of the above categories of investors is required to check and comply with extant rules/regulations/guidelines, etc. governing or regulating their investments as applicable to them and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

## SECTION 8 - DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER

The table below sets out the disclosure requirements as provided in PAS-4 and the relevant pages in this Draft Information Memorandum where these disclosures, to the extent applicable, have been provided.

| Sr. No.   | Disclosure Requirements                                                                                                                                                                                                                                                                                            | Relevant Page of this Draft Information Memorandum |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| <b>1.</b> | <b>GENERAL INFORMATION</b>                                                                                                                                                                                                                                                                                         |                                                    |
| a.        | Name, address, website and other contact details of the Company indicating both Registered Office and Corporate Office                                                                                                                                                                                             | Cover page                                         |
| b.        | Date of incorporation of the Company                                                                                                                                                                                                                                                                               | Cover page                                         |
| c.        | Business carried on by the Company and its subsidiaries with the details of branches or units, if any                                                                                                                                                                                                              | 15                                                 |
| d.        | Brief particulars of the management of the Company                                                                                                                                                                                                                                                                 | 18, 28                                             |
| e.        | Names, addresses, DIN and occupations of the directors                                                                                                                                                                                                                                                             | 28                                                 |
| f.        | Management's perception of risk factors                                                                                                                                                                                                                                                                            | 7                                                  |
| g.        | Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of –                                                                                                                                                                                       | 31                                                 |
| i)        | statutory dues                                                                                                                                                                                                                                                                                                     |                                                    |
| ii)       | debentures and interest thereon                                                                                                                                                                                                                                                                                    |                                                    |
| iii)      | deposits and interest thereon                                                                                                                                                                                                                                                                                      |                                                    |
| iv)       | loan from any bank or financial institution and interest thereon                                                                                                                                                                                                                                                   |                                                    |
| h.        | Names, designation, address and phone number, email ID of the nodal/ compliance officer of the Company, if any, for the private placement offer process                                                                                                                                                            | 14                                                 |
| <b>2.</b> | <b>PARTICULARS OF THE OFFER</b>                                                                                                                                                                                                                                                                                    |                                                    |
| a.        | Date of passing of board resolution                                                                                                                                                                                                                                                                                | Cover page                                         |
| b.        | Date of passing of resolution in the general meeting, authorizing the offer of securities                                                                                                                                                                                                                          | Cover page                                         |
| c.        | Kinds of securities offered (i.e. whether share or debenture) and class of security                                                                                                                                                                                                                                | Cover page                                         |
| d.        | price at which the security is being offered including the premium, if any, along with justification of the price                                                                                                                                                                                                  | Cover page                                         |
| e.        | name and address of the valuer who performed valuation of the security offered                                                                                                                                                                                                                                     | Not applicable                                     |
| f.        | Amount which the Company intends to raise by way of securities                                                                                                                                                                                                                                                     | Cover page                                         |
| g.        | Terms of raising of securities:                                                                                                                                                                                                                                                                                    |                                                    |
|           | Duration, if applicable                                                                                                                                                                                                                                                                                            |                                                    |
|           | Rate of dividend                                                                                                                                                                                                                                                                                                   |                                                    |
|           | Rate of interest                                                                                                                                                                                                                                                                                                   |                                                    |
|           | Mode of payment                                                                                                                                                                                                                                                                                                    |                                                    |
|           | Repayment                                                                                                                                                                                                                                                                                                          |                                                    |
| h.        | Proposed time schedule for which the offer letter is valid                                                                                                                                                                                                                                                         | 64                                                 |
| i.        | Purposes and objects of the offer                                                                                                                                                                                                                                                                                  | 61                                                 |
| j.        | contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects                                                                                                                                                                                     | 61                                                 |
| k.        | Principle terms of assets charged as security, if applicable                                                                                                                                                                                                                                                       | 62                                                 |
| <b>3.</b> | <b>DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.</b>                                                                                                                                                                                                                                           |                                                    |
| a.        | Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons                                                                                                     | 33                                                 |
| b.        | Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such | 33                                                 |

| Sr. No.   | Disclosure Requirements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Relevant Page of this Draft Information Memorandum |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
|           | Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                    |
| c.        | remuneration of directors (during the current year and last three Financial Years)                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 28                                                 |
| d.        | Related party transactions entered during the last three Financial Years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided                                                                                                                                                                                                                                                                                                                                        | 74                                                 |
| e.        | Summary of reservations or qualifications or adverse remarks of auditors in the last five Financial Years immediately preceding the year of circulation of offer letter and of their impact on the Financial Statements and financial position of the company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark                                                                                                                                                    | 32, 59                                             |
| f.        | Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of the Company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the Company and all of its subsidiaries | 33                                                 |
| g.        | Details of acts of material frauds committed against the Company in the last three years, if any, and if so, the action taken by the Company                                                                                                                                                                                                                                                                                                                                                                                                                  | 33                                                 |
| <b>4.</b> | <b>FINANCIAL POSITION OF THE COMPANY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                    |
| a.        | the capital structure of the Company in the following manner in a tabular form-                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 25                                                 |
| (i)(a)    | the authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)                                                                                                                                                                                                                                                                                                                                                                                                                                        | 25                                                 |
| (b)       | size of the present offer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 25                                                 |
| (c)       | paid up capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 25                                                 |
| (A)       | after the offer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 25                                                 |
| (B)       | after conversion of convertible instruments (if applicable)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Not applicable                                     |
| (d)       | share premium account (before and after the offer)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 25                                                 |
| (ii)      | the details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.                                                                                                                                                                                                                                                                                    | 26                                                 |
|           | Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case                                                                                                                                                                                                                                                | Not applicable                                     |
| b.        | Profits of the Company, before and after making provision for tax, for the three Financial Years immediately preceding the date of circulation of offer letter                                                                                                                                                                                                                                                                                                                                                                                                | 18                                                 |
| c.        | Dividends declared by the Company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid)                                                                                                                                                                                                                                                                                                                                                                         | 19                                                 |
| d.        | A summary of the financial position of the Company as in the three audited balance sheets immediately preceding the date of circulation of offer letter                                                                                                                                                                                                                                                                                                                                                                                                       | 35                                                 |
| e.        | Audited cash flow statement for the three years immediately preceding the date of circulation of offer letter                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 35                                                 |
| f.        | Any change in accounting policies during the last three years and their effect on the profits and the reserves of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                 | 34                                                 |
| <b>5.</b> | <b>A DECLARATION BY THE DIRECTORS THAT -</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 60                                                 |
| a.        | the Company has complied with the provisions of the Act and the rules made thereunder                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                    |

| Sr.<br>No. | Disclosure Requirements                                                                                                                                                          | Relevant Page of this<br>Draft Information<br>Memorandum |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| b.         | the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government |                                                          |
| c.         | the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter                                                                |                                                          |

## **SECTION 9: DECLARATION**

The Issuer declares that:

- (a) Every credit rating obtained shall be periodically reviewed by the Rating Agency and any revision in the rating shall be promptly disclosed by the Company to the Stock Exchange;
- (b) All the relevant provisions in the regulations/guidelines issued by SEBI and other applicable laws in respect to issuance of the Debentures have been complied with and no statement made in this Draft Information Memorandum is contrary to the provisions of the regulations/guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Draft Information Memorandum is as applicable to privately placed debt securities and subject to information available with the Issuer. The extent of disclosures made in the Draft Information Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.
- (c) There have been no reservations or qualifications or adverse remarks of auditors in the last five financial years preceding the year of circulation of Draft Information Memorandum.
- (d) The Issuer confirms that this Draft Information Memorandum does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading. The Draft Information Memorandum also does not contain any false or misleading statement.
- (e) It shall forward the details of utilization of the funds raised through the Debentures, duly certified by the statutory auditors of the Issuer, to the Debenture Trustee at the end of each half year;
- (f) It shall take all steps for completion of formalities for listing and commencement of trading at the concerned stock exchange where securities are to be listed within specified time frame;

Name of Director: M Chandrasekar  
Designation: Director  
DIN: 07136910

Name of the Compliance officer: M Raman  
Designation: Compliance Officer

Date: April 18, 2016  
Place: Chennai

**SECTION 10: DECLARATION IN ACCORDANCE WITH FORM PAS - 4**

Directors of the Issuer declare that:

- a) the Company has complied with the provisions of the Companies Act and the rules made thereunder and SEBI Debt Listing Regulations;
- b) the compliance with the Companies Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government;
- c) the monies received under the offer shall be used only for the purposes and objects indicated in the Draft Information Memorandum;

I am authorized by the Board of Directors of the Company vide resolution number 2 dated April 7, 2016, to sign this Draft Information Memorandum and declare that all the requirements of Companies Act, 2013, the rules made thereunder and SEBI Debt Regulations in respect of the subject matter of this Draft Information Memorandum and matters incidental thereto have been complied with. Whatever is stated in this Draft Information Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of this Draft Information Memorandum has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association of the Company.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For Sanmar Engineering Services Limited

Authorised Signatory

Name: M Raman  
Date: April 18, 2016  
Place: Chennai

## Annexure I

### Issue Details

#### General Terms of the Issue

|                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Security Name                                                                                                                   | Redeemable Secured Non Convertible Debentures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Issuer                                                                                                                          | Sanmar Engineering Services Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Mode of Issue                                                                                                                   | Private Placement Basis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Date of passing of board resolution                                                                                             | April 6, 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Date of passing of resolution in the general meeting, authorizing the offer of securities                                       | April 7, 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects; | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Type of Instrument                                                                                                              | Issue of [•] listed, rupee denominated and principal protected fully redeemable non-convertible secured debentures of face value of Rs. 1,000,000/- (Rupees Ten Lakhs only) each ("Debentures" or "NCDs") for cash at par aggregating upto Rs. 1800,00,00,000 (Rupees One thousand Eight Hundred Crore only), on a private placement basis (the "Issue") by Sanmar Engineering Services Limited (the "Issuer" or "Company").                                                                                                   |
| Nature of Instrument                                                                                                            | Secured                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Seniority                                                                                                                       | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Mode of Issue/Placement                                                                                                         | Private Placement basis to Eligible Investor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Eligible Investor                                                                                                               | <ul style="list-style-type: none"> <li>• Individuals</li> <li>• Provident funds, pension funds, Superannuation funds and Gratuity funds;</li> <li>• Mutual funds;</li> <li>• Companies, Bodies corporate and Societies;</li> <li>• Insurance companies;</li> <li>• NBFCs and Residuary NBFCs</li> <li>• Banks</li> <li>• Foreign Institutional Investors (FIIs)</li> <li>• Foreign Portfolio Investors</li> <li>• Any other investor category eligible to invest subject to current applicable rules, act, laws etc</li> </ul> |
| Listing (including name of stock exchange(s) where it will be listed and timeline for listing                                   | Wholesale Debt Market Segment of BSE Limited<br>To be listed within 15 (Fifteen) days of Deemed Date of Allotment.                                                                                                                                                                                                                                                                                                                                                                                                             |
| Rating of the Instrument                                                                                                        | BWR BBB-                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Issue Size                                                                                                                      | Upto Rs. 1,800,000,000 (Rupees One thousand Eight Hundred Crore only),                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Option to retain oversubscription (Amount)                                                                                      | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Objects of the Issue/ Details of the utilization of the Proceeds                                                                | Subject to compliance with applicable laws and regulations, the Company shall use the net proceeds of the issue for retiring existing debt and for meeting the funding requirements of the SHL Chemicals Group business.                                                                                                                                                                                                                                                                                                       |
| Coupon Rate                                                                                                                     | Fixed Coupon Rate of 3%p.a. PIK, to be capitalised on an annual basis, net of withholding tax, if any, deducted by the Issuer                                                                                                                                                                                                                                                                                                                                                                                                  |
| Step Up/Step Down Coupon Rate                                                                                                   | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Coupon Payment Frequency/ Coupon Period                                                                                         | Annually Coupon will accrue annually will be compounded and paid at the time of redemption. Income tax applicable on Coupon will be deducted at the time of accrual as per applicable laws.                                                                                                                                                                                                                                                                                                                                    |

|                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Coupon payment dates                                                                                                | Coupon payable at the time of redemption of Debentures                                                                                                                                                                                                                                                                                                 |
| Coupon Type                                                                                                         | N.A.                                                                                                                                                                                                                                                                                                                                                   |
| Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).                    | N.A.                                                                                                                                                                                                                                                                                                                                                   |
| Day Count Basis                                                                                                     | Actual/Actual                                                                                                                                                                                                                                                                                                                                          |
| Interest on Application Money                                                                                       | Nil                                                                                                                                                                                                                                                                                                                                                    |
| Default Interest / Default in Payment                                                                               | As set out in Transaction Documents                                                                                                                                                                                                                                                                                                                    |
| Redemption Date                                                                                                     | 7 years from Deemed Date of Allotment                                                                                                                                                                                                                                                                                                                  |
| Redemption Amount                                                                                                   | At amounts which when taken together with the Coupon, provide an overall yield of 13% p.a. PIK compounded annually from the Deemed Date of Allotment until the date of redemption                                                                                                                                                                      |
| Redemption Premium/ <del>Discount</del>                                                                             | Aggregate yield of 13% compounded annually from the Deemed Date of Allotment until the date of redemption as reduced by annual coupon of each of the years                                                                                                                                                                                             |
| Issue Price                                                                                                         | 100% of face value i.e. Rs. 1,000,000 /- per Debenture on application.                                                                                                                                                                                                                                                                                 |
| Mode of payment and repayment                                                                                       | Through bank (including RTGS mode)                                                                                                                                                                                                                                                                                                                     |
| Discount at which security is issued and the effective yield as a result of such discount                           | N.A.                                                                                                                                                                                                                                                                                                                                                   |
| Put option Price                                                                                                    | N.A.                                                                                                                                                                                                                                                                                                                                                   |
| Call Option Date & Price                                                                                            | N.A.                                                                                                                                                                                                                                                                                                                                                   |
| Put Option Date                                                                                                     | N.A.                                                                                                                                                                                                                                                                                                                                                   |
| Put Notification Time                                                                                               | N.A.                                                                                                                                                                                                                                                                                                                                                   |
| Call Notification Time                                                                                              | N.A.                                                                                                                                                                                                                                                                                                                                                   |
| Face Value                                                                                                          | Rs. 1,000,000/- per Debenture (Rupees Ten Lakhs Only)                                                                                                                                                                                                                                                                                                  |
| Minimum Application and in multiples of Debt securities thereafter                                                  | Lot of one Debenture and in multiples of one thereafter                                                                                                                                                                                                                                                                                                |
| Issue Timing<br><br>1. Issue Opening Date<br>2. Issue Closing Date<br>3. Pay-in Date<br>4. Deemed Date of Allotment | <br><br>[•]<br>[•]<br>[•]<br>[•]                                                                                                                                                                                                                                                                                                                       |
| Issuance mode of the Instrument                                                                                     | Dematerialized Mode                                                                                                                                                                                                                                                                                                                                    |
| Trading mode of the Instrument                                                                                      | Dematerialized Mode                                                                                                                                                                                                                                                                                                                                    |
| Settlement mode of the Instrument                                                                                   | Payment of interest and principal will be made by way of cheque/ DD/ Electronic mode                                                                                                                                                                                                                                                                   |
| Depository                                                                                                          | National Securities Depository Limited                                                                                                                                                                                                                                                                                                                 |
| Business Day Convention                                                                                             | In case the redemption date falls on a day which is not a Business Day, the redemption proceeds shall be paid on immediately preceding Business Day                                                                                                                                                                                                    |
| Record Date                                                                                                         | The Record Date will be 15 (fifteen) days prior to any due date of payment.                                                                                                                                                                                                                                                                            |
| Security                                                                                                            | The Debentures shall be secured, <i>pari-passu</i> in favour of the Lenders, in a form satisfactory to the Lenders, by:<br><br>a. A first ranking <i>pari-passu</i> pledge over all of the Promoters' shareholding in the Borrower (" <b>Security 1</b> "). The share pledge will be reduced proportionately as the Debt and HDFC Term Loan are repaid |

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      | <p>b. A first ranking <i>pari-passu</i> charge over all assets of the Borrower (other than the assets of the engineering services business to be transferred, provided that if any part of such assets are already charged to an existing lender then charge created in favour of the Lenders over such assets shall rank second only to the existing charges created in favour of the existing lenders (“<b>Security 2</b>”);</p> <p>c. A first ranking <i>pari-passu</i> charge over all the assets acquired by the SHL Chemicals Group from time to time (“<b>Security 3</b>”), subject to the terms of the existing financing agreements and to the extent that such assets are not required to be charged in favour of any lender that has financed or finances the acquisition of such assets including charges to be created in favour of the lenders to TCI under the proposed loan of USD 280,000,000 to be availed by TCI from the lenders, provided that if the assets are already charged or are agreed to be charged (whether present assets or future assets) to existing lenders, then the charge created in favour of the Lenders shall rank only after the charges created in favour of the existing lenders and the creation of such charge will be subject to the approval of the existing charge holders;</p> <p>d. A second ranking mortgage over certain lands admeasuring 227.91 acres situated at Mettur, Tamil Nadu (“<b>Mettur Lands</b>”) owned by Chemplast Sanmar Limited (“<b>Security 4</b>”) provided that the charge created in favour of the Lenders shall rank second only to the charges created in favour of the existing lenders and the creation of second charge will be subject to the approval of the first charge holders.</p> <p>e. A charge over all assets of the TCI Sanmar Chemicals SAE (“<b>TCI</b>”), Chemplast Sanmar Limited (“<b>Chemplast</b>”) and Sanmar Specialty Chemicals Limited (“<b>SSCL</b>”) (collectively “<b>Security 5</b>”), which charge shall rank only after the existing charges created or to be created in favour of the lenders to be identified in the Definitive Agreements. Provided however that, in the event, the approval of existing lenders (to be set out in the Definitive Agreements) is required to create such charge (as above), the Sponsor, Promoters and Borrower shall use best efforts to ensure that a charge in favour of the Lenders ranking subservient to the existing lenders’ charge is created as soon as practicable prior to the earlier of (i) the commencement of financial year 2019-2020, and (ii) after the release of the existing charges by the lenders over such assets.</p> <p>Upon the release of the existing first charges by the lenders, the second charge created in favour of Lenders shall automatically be converted into a first and exclusive charge.</p> <p>The security shall be created in favour of the trustee, which trustee shall act as the debenture trustee in respect of the NCDs and as the security trustee in respect of HDFC Term Loan.</p> |
| Covenants                            | The Promoters and the SHL Chemicals Group will be subject to various affirmative and negative covenants under the Definitive Agreements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Valuer of the securities issued      | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Transaction Documents                | means the Draft Information Memorandum, Debenture Trust Deed, the Debenture Trustee Agreement, Debenture Subscription Agreement, Deed of Mortgage, the Escrow Agreement, the Memorandum of Pledge, any instrument required to create security over the Properties, any instruments or documents mutually agreed between the Company and the Debenture Trustee (acting in accordance with Approved Instructions)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Conditions Precedent to Disbursement | As set out in Transaction Documents                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Condition Subsequent to Disbursement | As set out in Transaction Documents                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Event of Default                     | As set out in Transaction Documents                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Role and Responsibilities of Debenture Trustee | As set out in Transaction Documents                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Validity of Information Memorandum             | Thirty days or Issue Closure Date whichever is earlier                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Governing Law and Jurisdiction                 | <p>a. The Debenture Trust Deed and/or Transaction Documents the laws of India and shall be subject to the exclusive jurisdiction of the courts at New Delhi, India.</p> <p>b. Any disputes arising in connection with this Term Sheet shall be resolved by arbitration in accordance with the India Rules of the London Court of International Arbitration (“<b>Rules</b>”). The seat of arbitration shall be in Delhi. The arbitration shall be conducted by a panel of three arbitrators, appointed in accordance with the Rules.</p> |

BWR/BNG/RL/2015-16/0524  
March 15, 2016



CIN: U67190KA2007PTC043591

**Mr. S Sankaran**  
Managing Director,  
**Sanmar Engineering Services Ltd.**  
# 9, Cathedral Road,  
Chennai – 600 086

Dear Sir,

**Sub: Rating of proposed Secured NCD Issue of Sanmar Engineering Services Ltd.'s upto Rs. 1800 Crores (INR Eighteen Hundred Crores Only or equivalent of USD 250 million whichever is lower) with a tenor upto Seven years.**

Ref: Your mandate dated February 17, 2016

Thank you for giving us an opportunity to undertake the Rating of the proposed Secured NCD Issue of Rs. 1800 Crores of Sanmar Engineering Services Ltd.

Based on the information and clarifications provided by your company, as well as information available in public sources, Brickwork Ratings is pleased to inform you that M/s Sanmar Engineering Services Ltd.'s proposed Secured NCD issue of Rs. 1800 Crores (or equivalent of USD 250 million whichever is lower, the rate of exchange to be fixed as per terms of issue) has been assigned **BWR BBB-[Pronounced BWR Triple B Minus] (Outlook: Stable)** Rating. Instruments with this rating are considered to have **moderate degree** of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

The rating is sensitive to strict Compliance with the terms of issue by the Company, a draft of which had been shared with Brickwork Ratings and compliance with the applicable Reserve Bank of India guidelines. The Company shall share copies of the relative executed documents within a week of their execution. The rating may also be affected in case there is a material delay in the implementation of the projects undertaken by the Companies concerned or there is a material difference in the projected performance of the main Companies in the Chemicals Division of the Group in the opinion of Brickwork Ratings.

The Rating is valid for one year from the date of this letter subject to terms and conditions that were agreed in your mandate dated February 17, 2016 and other correspondence, if any and Brickwork Ratings standard disclaimer appended below.

Brickwork Ratings India Pvt. Ltd.



Corporate Office: 3rd Floor, Raj Alkaa Park, Kalena Agrahara, Bannerghatta Road, Bengaluru

Phone: +91 80 4040 9940 • Fax: +91 80 4040 9941 • 1-860-425-2742 • www.BrickworkRatings.com • www.BrickworkRatings.in

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Brickwork would conduct surveillance during the life of the instrument and would need all significant information that may affect company's finances without any delay.

Please let us have your acceptance for the Rating by March 18, 2016. Unless acceptance is received by us by the said date, the rating is not valid and should not be used in any manner.

Best Regards,



V. Nagaraja  
Head- Rating Administration



**Note: In case of all valid Ratings, respective Rating Rationale is published on Brickwork Ratings website. Interested persons are well advised to refer to our website [www.brickworkratings.com](http://www.brickworkratings.com). If they are unable to view the rationale, they are requested to inform us on [brickworkhelp@brickworkratings.com](mailto:brickworkhelp@brickworkratings.com)**

**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

Brickwork Ratings India Pvt. Ltd.

Corporate Office: 3rd Floor, Raj Alkaa Park, Kalena Agrahara, Bannerghatta Road, Bengaluru - 560076

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BWR/NCD/HO/ERC/VN/0012/2016-17  
April 13, 2016

CIN: U67190KA2007PTC043591

Mr. S Sankaran  
Director,  
Sanmar Engineering Services Ltd.  
# 9, Cathedral Road,  
Chennai – 600 086

Dear Sir,

**Ref:** Your Company's email dated April 12, 2016

**Sub:** Re-validation of the Rating of proposed Secured NCD Issue of Sanmar Engineering Services Ltd.'s upto Rs. 1800 Crores (INR Eighteen Hundred Crores Only or equivalent of USD 250 million whichever is lower) with a tenor upto Seven years rated by us on March 15, 2016.

This has reference to your email of April 12, 2016 and our Rating letter BWR/BNG/RL/2015-16/0524 dated March 15, 2016. We confirm that our said letter advising the Rating of **BWR BBB- (BWR Triple B Minus) (Outlook: Stable)** in respect of M/s Sanmar Engineering Services Ltd.'s proposed Secured NCD issue of Rs. 1800 Crores (or equivalent of USD 250 million whichever is lower, the rate of exchange to be fixed as per terms of issue) is valid till March 14, 2017.

All terms and conditions mentioned in our said rating letter remain unchanged. Please note to furnish complete details of borrowings under the above issue, as and when NCDs are subscribed.

Best Regards,



V. Nagaraja  
Head- Rating Administration



**Note:** In case of all valid Ratings, respective Rating Rationale is published on Brickwork Ratings website. Interested persons are well advised to refer to our website [www.brickworkratings.com](http://www.brickworkratings.com). If they are unable to view the rationale, they are requested to inform us on [brickworkhelp@brickworkratings.com](mailto:brickworkhelp@brickworkratings.com)

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**IDBI Trusteeship Services Ltd**

CIN : U65991MH2001GOI131154

Ref. No.: 7017/ITSL/OPR/2015-16/DEB/1108  
March 9, 2016Sanmar Engineering Services Limited  
9, Cathedral Road,  
Chennai- 600086

Dear Sir,

**Kind Attn: Mr. N Muralidharan****Subject: Consent to act as Debenture Trustee for Listed, Secured, and Rated Non -Convertible Debentures aggregating up to Rs. 1800 Crores issued by Sanmar Engineering Services Limited (the company)**

This is with reference to the discussion we had regarding appointment of IDBI Trusteeship Services Limited as Debenture Trustee for issue of for Listed Secured and Rated Non-Convertible Debentures aggregating up to Rs. 1800 Crs. In this connection we confirm our acceptance of the assignment.

We are agreeable for inclusion of our name as trustee in the offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required subject to the following conditions:

1. The Company shall enter into Written Debenture Trustee Agreement (DTA) for the said issue before the opening of Subscription list for issue of debentures.
2. The Company agrees and undertakes to create the securities over such of its immovable and moveable properties and on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document and execute, the Debenture Trust Deed (DTD) and other necessary security documents for each series of debentures as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document in any case not exceeding 3 months from the date of closure of issue.
3. The Company agrees & undertakes to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as stated above for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.
4. The Company shall agree & undertake to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/IMD/BOND/1/2009/11/05 dated the 11<sup>th</sup> May, 2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 26<sup>th</sup> November, 2009, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 as amended from time to time and other applicable provisions and agree to furnish to Trustees such information in terms the same on regular basis.
5. Any payment in respect of Debentures required to be made by the Debenture Trustee to a Debenture Holder (who is a Fil Entity) at the time of enforcement would, if required by applicable law, be subject to the prior approval of RBI for such

**Regd. Office : Asian Building, Ground Floor, 17, R. Kaman Marg, Ballard Estate, Mumbai - 400 001.**  
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : [itsl@idbitrustee.com](mailto:itsl@idbitrustee.com) • [response@idbitrustee.com](mailto:response@idbitrustee.com)  
Website : [www.idbitrustee.com](http://www.idbitrustee.com)

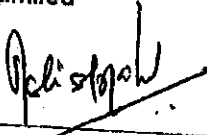
remittance through an Authorized Dealer. The Company/Investor shall obtain all such approvals, if required, to ensure prompt and timely payments to the said Debenture Holder. Such remittance shall not exceed total investment (and interest provided for herein) made by the Debenture Holder (who is a FI).

6. The Issuer Company confirms that all necessary disclosures have been made in the Information Memorandum/Disclosure document including but not limited to statutory and other regulatory disclosures. Investors should carefully read and note the contents of the Information Memorandum/Disclosure document. Each prospective investor should make its own independent assessment of the merit of the investment in NCDs and the Issuer Company. Prospective Investor should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the NCDs and should possess the appropriate resources to analyze such investment and suitability of such investment to such investor's particular circumstance. Prospective investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in such instruments.
7. The Trustees, "ipso facto" do not have the obligations of a borrower or a Principal Debtor or a Guarantor as to the monies paid/invested by investors for the debentures/Bonds.

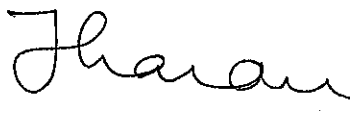
Looking forward to a fruitful association with you and assuring you of our best services at all times.

Thanking you,

Yours faithfully,  
terms  
For IDBI Trusteeship Services Limited  
Limited

  
(Authorized Signatory)

we accept the above  
For Sanmar Engineering Services

  
(Authorized Signatory)

## ANNEXURE IV: APPLICATION FORM

**Sanmar Engineering Services Limited**  
**9, Cathedral Road, Chennai - 600086, Tamil Nadu.**

**Tel.:** +91 44 2812 8722/2812 8500; **Fax:** +91 44 2811 2627; **Email:** info@sesl.co.in

|                                       |  |  |  |
|---------------------------------------|--|--|--|
| DEBENTURE APPLICATION FORM SERIAL NO. |  |  |  |
|---------------------------------------|--|--|--|

ISSUE OF [●] LISTED, RUPEE DENOMINATED AND PRINCIPAL PROTECTED FULLY REDEEMABLE NON-CONVERTIBLE SECURED DEBENTURES OF RS.1,000,000 EACH AGGREGATING UPTO RS. 1,800 CRORES (EQUIVALENT OF USD 250,000,000)

**DEBENTURES APPLIED FOR:**

| Number of Debentures | in words                               |
|----------------------|----------------------------------------|
| 100                  | One hundred                            |
| 250                  | Two hundred and fifty                  |
| 500                  | Five hundred                           |
| 750                  | Seven hundred and fifty                |
| 1000                 | One thousand                           |
| 1250                 | One thousand two hundred and fifty     |
| 1500                 | One thousand five hundred              |
| 1750                 | One thousand seven hundred and fifty   |
| 2000                 | Two thousand                           |
| 2250                 | Two thousand two hundred and fifty     |
| 2500                 | Two thousand five hundred              |
| 2750                 | Two thousand seven hundred and fifty   |
| 3000                 | Three thousand                         |
| 3250                 | Three thousand two hundred and fifty   |
| 3500                 | Three thousand five hundred            |
| 3750                 | Three thousand seven hundred and fifty |
| 4000                 | Four thousand                          |
| 4250                 | Four thousand two hundred and fifty    |
| 4500                 | Four thousand five hundred             |
| 4750                 | Four thousand seven hundred and fifty  |
| 5000                 | Five thousand                          |
| 5250                 | Five thousand two hundred and fifty    |
| 5500                 | Five thousand five hundred             |
| 5750                 | Five thousand seven hundred and fifty  |
| 6000                 | Six thousand                           |
| 6250                 | Six thousand two hundred and fifty     |
| 6500                 | Six thousand five hundred              |
| 6750                 | Six thousand seven hundred and fifty   |
| 7000                 | Seven thousand                         |
| 7250                 | Seven thousand two hundred and fifty   |
| 7500                 | Seven thousand five hundred            |
| 7750                 | Seven thousand seven hundred and fifty |
| 8000                 | Eight thousand                         |
| 8250                 | Eight thousand two hundred and fifty   |
| 8500                 | Eight thousand five hundred            |
| 8750                 | Eight thousand seven hundred and fifty |
| 9000                 | Nine thousand                          |
| 9250                 | Nine thousand two hundred and fifty    |
| 9500                 | Nine thousand five hundred             |
| 9750                 | Nine thousand seven hundred and fifty  |
| 10000                | Ten thousand                           |

|            |                 |
|------------|-----------------|
| Amount Rs. | in words Rupees |
|------------|-----------------|

**DETAILS OF PAYMENT:**

Cheque / Demand Draft No./ RTGS UTR No. \_\_\_\_\_ Drawn on

Funds transferred to \_\_\_\_\_ via RTGS/NEFT  
Dated \_\_\_\_\_

| Total Amount Enclosed (in Figures) | (in words)           |
|------------------------------------|----------------------|
| 1000000                            | One Million          |
| 100000                             | One Hundred Thousand |
| 10000                              | Ten Thousand         |
| 1000                               | One Thousand         |
| 100                                | Hundred              |
| 10                                 | Ten                  |
| 1                                  | One                  |

**APPLICANTS NAME IN FULL (CAPITALS)**

**SPECIMEN SIGNATURE**

|                                                      |  |  |  |  |  |  |  |  |  |                    |  |  |  |  |  |
|------------------------------------------------------|--|--|--|--|--|--|--|--|--|--------------------|--|--|--|--|--|
| APPROPRIATELY INITIALED AND DATED (SEE INSTRUCTIONS) |  |  |  |  |  |  |  |  |  | SPECIMEN SIGNATURE |  |  |  |  |  |
|                                                      |  |  |  |  |  |  |  |  |  |                    |  |  |  |  |  |
|                                                      |  |  |  |  |  |  |  |  |  |                    |  |  |  |  |  |
|                                                      |  |  |  |  |  |  |  |  |  |                    |  |  |  |  |  |

**APPLICANT'S ADDRESS**[illegible]

APPLICANT'S PAN/GIR NO.

WE ARE ( ) COMPANY ( ) OTHERS (PLEASE SPECIFY)

WE CONFIRM RESIDENTIAL STATUS AS \_\_\_\_\_

TAX STATUS NON EXEMPT ( ) EXEMPT ( ) (IF EXEMPT PLEASE SPECIFY)

(IF EXEMPT PLEASE PROVIDE SUPPORTING DOCUMENTS FROM INCOME TAX AUTHORITIES)

**DETAILS OF BANK ACCOUNT OF INVESTOR:**

|                             |  |
|-----------------------------|--|
| NAME OF THE BANK AND BRANCH |  |
| NATURE OF ACCOUNT           |  |
| ACCOUNT NO.                 |  |
| BANK IFSC CODE              |  |

We request you to please place our name(s) on the Register of Debenture Holders.

| Name of Authorised Signatory(ies) | Designation | Signature |
|-----------------------------------|-------------|-----------|
|                                   |             |           |
|                                   |             |           |
|                                   |             |           |

We the undersigned are agreeable to holding the Debentures of the Company in dematerialised form. Details my/our Beneficial Owner Account are given below:

|                             |                                        |
|-----------------------------|----------------------------------------|
| DEPOSITORY                  | National Securities Depository Limited |
| DEPOSITORY PARTICIPANT NAME |                                        |
| DP-ID                       |                                        |
| CLIENT ID                   |                                        |
| NAME OF THE APPLICANT(S)    |                                        |

FOR OFFICIAL USE ONLY

DATE OF RECEIPT:

DATE OF CLEARANCE:

(Note: Cheque and Drafts are subject to realisation)

We understand and confirm that the information provided in the Information Memorandum is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer, the Lead Arranger and other intermediaries and their agents and advisors associated with this Issue.

We understand that: i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, ii) the Applicant must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures and shall not look directly or indirectly to the Lead Arranger (or to any person acting on its or their behalf to indemnify or otherwise hold us harmless in respect & any such loss and/or damage.

Applicant's Signature

FOR OFFICIAL USE ONLY

DATE OF RECEIPT:

DATE OF CLEARANCE:

(Note: Cheque and Drafts are subject to realisation)

-----Tear Here-----

Sanmar Engineering Services Limited – ACKNOWLEDGMENT SLIP

|                               |            |  |  |  |  |  |  |  |  |
|-------------------------------|------------|--|--|--|--|--|--|--|--|
| (To be filed in by Applicant) | SERIAL NO. |  |  |  |  |  |  |  |  |
|-------------------------------|------------|--|--|--|--|--|--|--|--|

Received from \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

Cheque / Draft/ UTR # \_\_\_\_\_ Drawn on \_\_\_\_\_

For Rs. \_\_\_\_\_ drawn on \_\_\_\_\_ on account of application of  
\_\_\_\_\_ Debentures

**ANNEXURE V: IN-PRINCIPLE APPROVAL OF STOCK EXCHANGE**

**ANNEXURE VI: RELATED PARTY TRANSACTIONS ENTERED INTO BY THE COMPANY IN THE LAST THREE AUDITED ACCOUNTS**

**Related Party Transaction as on March 31, 2015**

**A. List of Related Parties as per AS- 18**

**Controlling Parties**

| Sr. no | Name of Company               |
|--------|-------------------------------|
| 1      | Sanmar Consolidations Limited |

**Fellow Subsidiary**

| Sr. no | Name of Company                         |
|--------|-----------------------------------------|
| 1      | Sanmar Engineering Technologies Limited |
| 2      | Kalamkriya Limited                      |

| <b>Related Party Transactions as on March 31, 2015 as per AS-18</b>  |                            |   |                            |               |
|----------------------------------------------------------------------|----------------------------|---|----------------------------|---------------|
| <b>Description</b>                                                   | <b>Controlling Parties</b> |   | <b>Fellow Subsidiaries</b> |               |
|                                                                      | 31.03.2015                 |   | 31.03.2015                 | 31.03.2014    |
| Transactions during the year                                         |                            |   |                            |               |
| <b>Investments</b>                                                   |                            |   |                            |               |
| Sanmar Engineering Technologies Limited                              | -                          | - | 811,060,000                | 772,390,000   |
| <b>Expenses Paid</b>                                                 |                            |   |                            |               |
| Kalamkriya Limited                                                   | -                          | - | 9,918                      | 12,810        |
| <b>Balance as at 31<sup>st</sup> March</b>                           |                            |   |                            |               |
| Investments                                                          | -                          | - | 4,956,950,000              | 4,145,890,000 |
| Guarantee of borrowing o/s – Sanmar Engineering Technologies Limited | -                          | - | 5,500,000,000              | 4,500,000,000 |

**Related Party Transaction as on March 31, 2014**

**A. List of Related Parties as per AS- 18**

**Controlling Parties**

| Sr. no | Name of Company               |
|--------|-------------------------------|
| 1      | Sanmar Consolidations Limited |

**Fellow Subsidiaries**

| Sr. no | Name of Company                         |
|--------|-----------------------------------------|
| 1      | Flowserve Sanmar Limited                |
| 2      | Kalamkriya Limited                      |
| 3      | Sanmar Foundries Limited                |
| 4      | Sanmar Engineering Technologies Limited |
| 5      | Tyco Sanmar Limited                     |
| 6      | Xomox Sanmar Limited                    |

**Associates**

| Sr. no. | Name of Associates                  |
|---------|-------------------------------------|
| 1       | BS&B Safety Systems (India) Limited |
| 2       | Cathedral Corporate Finance         |
| 3       | Chemplast Sanmar Limited            |
| 4       | TCI Sanmar Chemicals SAE            |

| <b>Related Party Transactions as on March 31, 2014 as per AS-18</b> |                            |            |                                       |                      |
|---------------------------------------------------------------------|----------------------------|------------|---------------------------------------|----------------------|
| <b>Description</b>                                                  | <b>Controlling Parties</b> |            | <b>Associates/Fellow Subsidiaries</b> |                      |
|                                                                     | 31.03.2014                 | 31.03.2013 | 31.03.2014                            | 31.03.2013           |
| Transactions during the year                                        |                            |            |                                       |                      |
| <b>Purchases</b>                                                    |                            |            |                                       |                      |
| Xomox Sanmar Limited                                                | -                          | -          | 49,036,929                            | 11,635,344           |
| Flowserve Sanmar Limited                                            | -                          | -          | 18,041,754                            | 9,716,819            |
| Tyco Sanmar Limited                                                 | -                          | -          | 3,672,500                             | 4,717,699            |
| BS&B Safety Systems (India) Limited                                 | -                          | -          | 1,892,984                             | 3,128,432            |
| <b>Total</b>                                                        | -                          | -          | <b>72,644,167</b>                     | <b>29,198,294</b>    |
| <b>Sales</b>                                                        |                            |            |                                       |                      |
| TCI Sanmar Chemicals SAE                                            | -                          | -          | 95,814,646                            | 34,785,750           |
| <b>Total</b>                                                        | -                          | -          | <b>95,814,646</b>                     | <b>34,785,750</b>    |
| <b>Investments</b>                                                  |                            |            |                                       |                      |
| Sanmar Engineering Technologies Limited                             | -                          | -          | 772,390,000                           | 3,373,500,000        |
| <b>Total</b>                                                        | -                          | -          | <b>772,390,000</b>                    | <b>3,373,500,000</b> |
| <b>Share of income from partnership firm</b>                        |                            |            |                                       |                      |
| Cathedral Corporate Finance                                         | -                          | -          | 3,915,263                             | 13,384,792           |
| <b>Expenses Paid</b>                                                |                            |            |                                       |                      |
| Chemplast Sanmar Limited                                            | -                          | -          | 77,344                                | 439,640              |
| Tyco Sanmar Limited                                                 | -                          | -          | 8,594                                 | -                    |
| Sanmar Foundries Limited                                            | -                          | -          | -                                     | 12,834               |
| Kalamkriya Limited                                                  | -                          | -          | 12,810                                | 10,030               |
| <b>Total</b>                                                        | -                          | -          | <b>98,748</b>                         | <b>462,504</b>       |
| <b>Balances as at 31<sup>st</sup> March</b>                         |                            |            |                                       |                      |

|                   |   |   |               |               |
|-------------------|---|---|---------------|---------------|
| Investments       | - | - | 4,145,890,000 | 3,373,500,000 |
| Trade Receivables | - | - | 27,182,133    | 14,580,856    |
| Trade Payables    | - | - | 23,278,084    | 12,507,339    |

## **Related Party Transaction as on March 31, 2013**

### **A. List of Related Parties as per AS- 18**

#### **Controlling Parties**

| <b>Sr. no</b> | <b>Name of Company</b>        |
|---------------|-------------------------------|
| 1             | Sanmar Consolidations Limited |

#### **Associates/Fellow Subsidiaries**

| <b>Sr. no</b> | <b>Name of Company</b>                  |
|---------------|-----------------------------------------|
| 1             | BS&B Safety Systems (India) Limited     |
| 2             | Cathedral Corporate Finance             |
| 3             | Chemplast Sanmar Limited                |
| 4             | Flowserve Sanmar Limited                |
| 5             | Kalamkriya Limited                      |
| 6             | Sanmar Foundries Limited                |
| 7             | Sanmar Engineering Technologies Limited |
| 8             | TCI Sanmar Chemicals SAE                |
| 9             | Tyco Sanmar Limited                     |
| 10            | Xomox Sanmar Limited                    |

#### **Related Party Transactions as on March 31, 2013 as per AS-18**

| <b>Description</b>                           | <b>Controlling Parties</b> |            | <b>Associates/Fellow Subsidiaries</b> |                   |
|----------------------------------------------|----------------------------|------------|---------------------------------------|-------------------|
|                                              | 31.03.2013                 | 31.03.2012 | 31.03.2013                            | 31.03.2012        |
| Transactions during the year                 |                            |            |                                       |                   |
| <b>Purchases</b>                             |                            |            |                                       |                   |
| Xomox Sanmar Limited                         | -                          | -          | 11,635,344                            | -                 |
| Flowserve Sanmar Limited                     | -                          | -          | 9,716,819                             | 10,270,649        |
| Tyco Sanmar Limited                          | -                          | -          | 4,717,699                             | 431,613           |
| BS&B Safety Systems (India) Limited          | -                          | -          | 3,128,432                             | 521,093           |
| <b>Total</b>                                 | -                          | -          | <b>29,198,294</b>                     | <b>11,223,355</b> |
| <b>Sales</b>                                 |                            |            |                                       |                   |
| TCI Sanmar Chemicals SAE                     | -                          | -          | 11,134,982                            | 12,571,529        |
| <b>Total</b>                                 | -                          | -          | <b>11,134,982</b>                     | <b>12,571,529</b> |
| <b>Investments</b>                           |                            |            |                                       |                   |
| Sanmar Engineering Technologies Limited      | -                          | -          | 3,373,500,000                         | -                 |
| <b>Total</b>                                 |                            |            | <b>3,373,500,000</b>                  | -                 |
| <b>Share of income from partnership firm</b> |                            |            |                                       |                   |
| Cathedral Corporate Finance                  | -                          | -          | 13,384,792                            | 4,694,220         |
| <b>Expenses Paid</b>                         |                            |            |                                       |                   |
| Chemplast Sanmar Limited                     | -                          | -          | 439,640                               | 45,854            |
| Tyco Sanmar Limited                          | -                          | -          | -                                     | 12,412            |
| Sanmar Foundries Limited                     | -                          | -          | 12,834                                | 6,309             |
| Kalamkriya Limited                           | -                          | -          | 10,030                                | 13,401            |
| <b>Total</b>                                 | -                          | -          | <b>482,504</b>                        | <b>77,976</b>     |
| <b>Balances as at 31<sup>st</sup> March</b>  |                            |            |                                       |                   |
| Investments                                  | -                          | -          | 3,373,500,000                         | -                 |
| Trade Receivables                            | -                          | -          | 14,580,856                            | 11,134,982        |
| Trade Payables                               | -                          | -          | 12,507,339                            | 9,871,726         |