LETTER OF OFFER **(Private and Confidential)**

(For Equity Shareholders of the Company only)

DUTRON

DUTRON POLYMERS LIMITED

(Registration No. 04-4786)

(Originally Incorporated as Dutron Polymers Private Limited on 17th November 1981 under the Companies Act, 1956 as Private Limited Company. Subsequently the Company was converted into Public Limited Company vide Special resolution passed on 15th July 1993 and received the Fresh Certificate of Incorporation on 5th August 1993)

Registered Office: "Dutron House", Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.

(The registered office of the Company was shifted from Trupti Apartment- Ground Floor, Behind High Court, Navrangpura, Ahmedabad-380 009 to the above address with effect from 3rd May 1993)

Tel No: (91) (79) 26561849 / 26427522 Fax: (91) (79) 26420894 Email: dutronad1@sancharnet.in

website: www.dutronindia.com

Contact Person: Mr. Manan Bhavsar, Compliance Officer & Company Secretary

For private circulation to the Equity Shareholders of the Company only

LETTER OF OFFER

Issue of 30,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 20 per Equity Share (including premium of Rs. 10 per Equity Share) aggregating to Rs 600 Lakhs (Rupees Six Hundreds Lakhs only) on Rights basis to the existing Equity Shareholders of the Company in the ratio of 1(One) Equity Share for every 1(One) Equity Share held on Record Date i. e. 20th December, 2006.

The face value of the Equity Share is Rs. 10 and Issue Price is 2 times the face value.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. **Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue.** For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document. Investors are advised to refer to "Risk Factors" on page 6 of this Letter of Offer before making an investment in this issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING ARRANGEMENTS

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange Limited ("BSE") (Designated Stock Exchange). Accordingly, the Company proposes to list the Equity Shares issued under this Letter of Offer on BSE. The Company has obtained in-principle approval from BSE vide letter dated **September 15, 2006** for listing of the equity shares being issued in terms of this Letter of Offer.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
VIVRO FINANCIAL SERVICES PRIVATE LIMITED SEBI Regn. No.: INM000010122 VIVRO HOUSE, 11, Shashi Colony Opp. Suvidha Shopping Center, Paldi, **Ahmedabad-380 007** Tel.: (91)(79) 26575666, Fax: (91) (79) 26575441 Email: dutron@vivro.net Website: www.vivro.net Contact Person: **Mr. Jayesh Vithlani**	**PINNACLE SHARES REGISTRY PVT. LTD.** SEBI Regn. No.: INR 3787 Nr Ashoka Mill, Naroda Road **Ahmedabad – 380 025** Tel.:(91)(79)-22200338-22204226 Fax: (91) (79)-22202963. Email:dutron.rights@psrpl.com Contact Person: **Mr. Mukesh Trivedi**

ISSUE SCHEDULE:

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
Thursday, 11th January, 2007	**Thursday, 25th January, 2007**	**Friday, 9th February, 2007**

TABLE OF CONTENTS

A. DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL / GENERAL TERMS/ DEFINITIONS

Act	The Companies Act, 1956 as amended
Articles	Articles of Association of Dutron Polymers Limited as amended
Board or Board of Directors	Board of Directors of Dutron Polymers Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Depositories	NSDL and CDSL
DP	Depository Participant
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
IT Act	The Income-tax Act, 1961 and amendments thereto
ISIN	International Securities Identification Number allotted to the depository
Memorandum (MOA)	Memorandum of Association of Dutron Polymers Limited
NRI (s)	Non Resident Indians
NSDL	National Securities Depository Limited
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000 read with amendments thereto
Security/ies	Equity Shares of Durton Polymers Limited

II. ISSUE RELATED TERMS

CAF /CAFs	Composite Application Form(s)
Designated Stock Exchange/BSE	Bombay Stock Exchange Limited (BSE)
Letter of Offer	Letter of Offer dated 28th December, 2006 filed with SEBI for its comments
Equity Shareholders	Equity Shareholders of the Company whose names appear as;
	o Beneficial owner as per the list furnished by the Depositories in respect of the Equity Share held in electronic form as on the Record Date i.e. 20th December 2006 and o Members on the Register of Members of the Company in respect of the Equity Share held in physical form as on record date 20th December 2006.
Equity Share	Equity shares of the Company of Rs. 10/- each

Rights Issue	Issue of 30,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 20 per Equity Share (including premium of Rs. 10 per Equity Share) aggregating to Rs 600 Lakhs (Rupees Six Hundred Lakhs Only) on Rights basis to the existing Equity Shareholders of the Company in the ratio of 1(One) Equity Share for every 1(One) Equity Share held on Record Date i. e. 20th December, 2006.
Issue Opening Date	The date on which the Issue opens for subscription, i.e., 11th January, 2007.
Issue Closing Date	The date on which the Issue closes for subscription, i.e., 9th February, 2007.
Issue Period	The period between the Issue Opening Date and Issue Closing Date and includes both these dates.
Issue Price	The price at which the Equity Shares will be issued by the Company under this Letter of Offer
Issuer/Company/ DPL, We, Us, Our Company	Dutron Polymers Limited
Lead Manager	Vivro Financial Services Private Limited
Letter of Offer/ LOF/Offer Document	Letter of Offer dated 28th December, 2006 as filed with the BSE after incorporating SEBI observations thereon and circulated to the Equity Shareholders.
Record Date	20th December, 2006
Registrar to the Issue or Registrar	Pinnacle Shares Registry Pvt. Ltd., Nr. Ashoka Mills, Naroda Road, Ahmedabad - 380 025
Renouncee(s)	Shall mean the person(s) who have acquired Rights Entitlements from Equity Shareholder(s).
Rights Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to apply for under this Letter of Offer in proportion to his/ her/ its existing shareholding in the Company as on the Record Date
Stock Exchange	Shall refer to the BSE where the shares of the company are presently listed.
Statutory Auditor	M/s. Baheti Bhadada & Associates, Chartered Accountants, 201, Shaily Complex, Old Gujarat High Court Road, Nr. Dr.Amrish Parikh Hospital, Ashram Road, Ahmedabad - 380 009.

III. COMPANY/ INDUSTRY- RELATED TERMS

Board	Board of Directors of Dutron Polymers Limited
Committee of Directors	Committee of the Board of Directors of Dutron Polymers Limited who are authorized to take decisions on matters related to/incidental to this Issue.
Directors	Members of the Board of Directors of Dutron Polymers Ltd.
Equity Shareholders	Equity shareholders of the Company whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company in respect of the Equity Shares held in physical form.
Equity Share(s) or Shares	The Issued, Subscribed and Paid Up Equity Share Capital of the Company and the additional Equity Shares of the Company offered pursuant to this Rights Issue.
NRI	Non Resident Indian

Promoter(s)	Promoters shall have the same meaning as assigned to it under the SEBI Guidelines and which has been more particularly detailed in Section D VI -Promoters and Promoter Group in this Letter of Offer.
Security Certificates	Equity Share certificates
PE	Poly Ethylene
HDPE	High Density Poly Ethylene
PP	Poly Propylene
PPRC	Poly Propylene Random Co-Polymer
PVC	Poly Vinyle Chloride
MDPE	Medium Density Poly Ethylene
TPA	Tons Per Annum
MTA	Male Threaded Adapter
FTA	Female Threaded Adapter

IV. ABBREVIATIONS

ABS	ABS Group of Companies, Inc. (ABS Group) is wholly owned subsidiary of the American Bureau of Shipping (ABS), which was founded in 1862 to provide risk assessment services to the U.S. marine insurance industry. ABS Group's purpose is to expand the mission and diversify the activities of ABS by offering risk management, safety, quality and environmental consulting and certification services to a wide range of industries and companies worldwide.
ANAB	**The ANSI-ASQ National Accreditation Board** is the U.S. accreditation body for management systems. ANAB accredits certification bodies (CBs) for ISO 9001 quality management systems (QMS) and ISO 14001 environmental management systems (EMS), as well as a number of industry-specific requirements.
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASE	Ahmedabad Stock Exchange Limited
BM	Meeting of Board of Directors
BSE	Bombay Stock Exchange Limited
Depositories Act	The Depositories Act, 1996 as amended from time to time.
DP	Depository Participant
EGM	Extra-ordinary General Meeting
EPS	Earning Per Share
FCNR Account	Foreign Currency Non Resident Account
FI	Financial Institution
FY	Financial Year
GATT	General Agreement of Tariff & Trade
GDP	Gross Domestic Product
GIDC	Gujarat Industrial Development Corporation

GIR Number	General Index Registry Number
GOI	Government of India
HUF	Hindu Undivided Family
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
NR	Non Resident
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NWCG	Net Working Capital Gap
P/E Ratio	Price/Earnings Ratio
P.A.	Per Annum
PAN	Permanent Account Number allotted by the Income-tax Department.
PAT	Profit After Tax
PBDT	Profit before Depreciation and Tax
PBIDT	Profit before Interest, Depreciation and Tax
PBT	Profit before Tax
ROI	Return on Investment
RONW	Return on Net Worth
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time.
SEBI (SAST) Regulations.	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time.

B. RISK FACTORS

I. FORWARD LOOKING STATEMENTS

Certain Conventions, Use of Market Data

In this Letter of Offer, the terms "we", "us", "our Company", "the Company", "DPL" unless the context otherwise implies, refer to Dutron Polymers Ltd.

For additional definitions used in this Offer document, see the sections 'Definitions and Abbreviations' on page no. 2 of this Offer document. In the section entitled "Description of Equity shares and Terms of Articles of Association of Dutron Polymers Limited", defined terms have the meaning given to such terms in the Articles of Association of the Company.

Market data used throughout this Offer document was obtained from internal Company reports, data and industry publications. Industry publication data generally state that the information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although we believe that the market data used in this Offer Document is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed to be reliable, have not been verified by any independent source.

Throughout this document references to the singular also refer to the plural and one gender also refers to any other gender wherever applicable.

Forward Looking Statements

This Offer Document contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases like "will", "aim", "likely result", "believe", "expect", "will continue", "anticipate", estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are "forward looking statements". Similarly, the statements that describe our objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us, that could cause actual results to differ materially from those contemplated by the relevant forward looking statements.

Important factors that could affect our results to differ materially from our expectations includes, inter-alia, our ability to successfully implement our strategy, [our growth and expansion], technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and interest policies of Government of India / Reserve Bank of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes, changes in laws and regulations in the Polymer industry, changes in competition in the said industry and force majeure conditions.

For further discussion of factors that could cause our actual results to differ, refer to the section entitled "Risk factors" beginning on page no. 6 of this Offer Document. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, our Directors, the Lead Manager, nor any of their affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date thereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange.

Currency of Presentation

In this Offer Document, unless the context otherwise requires, all references to the word "Lakh" or "Lac", means "One hundred thousand" and the word "Crore" means "ten million". In this Offer document, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

All references to "Rupees" and "Rs." in this Offer document are to the legal currency of India.

II. RISK FACTORS ENVISAGED BY MANAGEMENT AND MANAGEMENT'S PROPOSAL TO ADDRESS THE RISKS:

A. SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY

1. Suspension of trading on the stock exchange in the past

In past, the Company had on 5 occasions failed to comply with Clause 42 of the Listing Agreement of BSE requiring the Company to furnish the requisite advance notice of the book closure resulting in suspension in the trading of shares for 3 occasions and Show Cause Notice for suspension of Trading was issued for 2 occasions by BSE.

In terms of clause 42 of the Listing Agreement entered into between the Company and the BSE, the Company is required to give a notice of 42 days to the BSE regarding closure of the book. The Company failed to comply with this requirement on 5 occasions during the years 1997, 1998, 2001, 2002 & 2003. As a result of non-compliance as above, BSE issued notices and imposed fine/ suspended trading in shares. However, the Company has taken the necessary actions on the respective occasions to rectify the default. For the relevant particulars, please refer to **point number 26** under the head **"NOTES TO THE CAPITAL STRUCTURE"** on page number 32 in the Letter of Offer.

2. Under utilisation of the Installed Capacity

The Company's actual production of Pipes has been less than its installed capacity in past few years. The details are as follows

Financial Year	Installed Capacity (In TPA)		Actual Production (In TPA)		Capacity Utilization (%)	
	[HDPE]	[PVC]	HDPE	PVC	HDPE	PVC
2003-04	2970	6000*	982	2835	33.06	47.25
2004-05	2970	6000	1221	5006	41.11	83.43
2005-06	2970	6000	1069	3393	36.00	56.55

* The Installed Capacity of the PVC pipes was increased from 2100 TPA to 6000 TPA in December 2003. Accordingly, the installed capacity for the year ended 31st March 2004 is taken as 6000 TPA.

The utilisation of capacity depends upon various factors such as recession in the industrial sector, demand for the products of particular industry segment, quality of the products, competitiveness, cost of production etc. While the technology used by our Company for manufacturing PVC pipes is the latest, the technology for manufacturing HDPE pipes has become obsolete as the machines currently used for manufacturing HDPE pipe consume higher electricity compared to the machines equipped with latest technology which consumes lower electricity. Therefore, in certain product segment in HDPE pipes, our Company is not competitive in price as compared to our competitors and therefore, our Company had to curtail production activities in respect of HDPE pipes. With a view to overcome this problem, our Company proposes to replace existing HDPE pipe manufacturing machinery by high speed and latest technology machinery so as to reduce the cost of production, increase the productivity and thereby becoming competitive in the market.

The Installed Capacity of the PVC pipes was increased from 2100 TPA to 6000 TPA in December 2003. Accordingly, the installed capacity for the year ended 31st March 2004 is taken as 6000 TPA. Hence apparently though it appears that the capacity utilisation is very less, in reality the utilised capacity of PVC pipes is much better. This is also evident from the capacity utilisation for the year 2004-05. However, the Company's performance during the year 2005-06 as compared to the previous year dropped primarily due to the unexpected jump in the revenue during the previous year from a One Time Specific Institutional contract. Our Company anticipates further increase in demand for PVC pipes in the years to come and hence we are planning to further increase the installed capacity for PVC pipes so as to grab the opportunity of increasing our market share.

3. **Project for which the funds beaing raised through rights issue has not appraised by any Bank**

   The total cost of the modernisation and expansion project including Issue Expenses is estimated at Rs. 457.11 lakhs. The project is not appraised by any Bank or Financial Institution. The funds received from the issue will be deployed to meet the objects of the Issue.

   The Promoter Directors of our Company are well-experienced technocrats who will be closely monitoring the utilisation and end uses of the funds. The management will deploy the funds as per the objects of the Issue.

4. **Delay in placing of order for Plant & Machinery**

   The Company is yet to place orders for plant and machineries as envisaged in the project. The Company has already received quotations from the suppliers, however, the orders are not yet placed for the plant and machinery envisaged in the project. Most of the machineries are easily available and our Company does not expect any escalation in the cost of purchase of the plant & machinery.

5. **Delay in Implementation Schedule**

   The Company is yet to start civil construction work for stocking higher level of raw material and finished goods, consequent to implementation of modernization and expansion project. Further, orders for plant & machinery and other equipments are not yet placed. The Company proposes to complete modernization and expansion project by the end of April, 2007. If there is delay in the implementation of the proposed project, it may lead to time and cost overrun and may affect the profitability of the Company.

   The civil construction envisaged in the project is to take care of increased storage requirement of raw material and finished goods after the completion of proposed project. As far as expansion and modernization of capacity is concerned, the new machinery would be installed in the existing factory building without any modification in the building. Further, delivery of the machinery would take place immediately on payment, as the machinery is easily available. Therefore, there would not be any production loss to our Company on account of delay in the placement of orders. In case of delay in completion of construction work for storage of raw material and finished goods, our Company would make use of existing godowns on temporary basis to overcome any storage problem in this regard. Therefore, the Company is confident of avoiding any delay in the implementation of the proposed project as well as time and cost overrun in the project.

6. **Contingent liabilities of the Company**

   The contingent liabilities of the Company not provided for in the books of account comprise of the following:

Contingent Liabilities	As on March 31st 2006	As on 30th September 2006
Deferred Sales Tax Liability	Rs. 31.76 lakhs	Rs. 15.88 lakhs

   The Company has deposited Rs. 10 lakhs with Sales Tax Department towards contingent liability under protest. Our Company has neither received any final demand notice nor the Sales Tax Department conveyed the amount of liability and therefore, the deferred sales tax liability is being continued to be shown as contingent liability. In case contingent liability devolves on the Company, the financial position of the Company is strong enough to absorb such liability.

7. **Part of the Issue Proceeds to be utilised for Repayment of Unsecured Loans taken from the Promoters, Directors and Shareholders falling within the promoter group.**

   The Company has taken unsecured loans from the Promoters, Directors and Shareholders falling within the promoter group from time to time to augment working capital requirements of the Company. The outstanding amount as on 30th November, 2006 was Rs. 824.69 Lakhs. The rate of interest on such loans is 9% simple interest p.a. The Company proposes to repay part of the unsecured loans amounting to Rs. 142.89 Lakhs being 23.82% of the Issue size out of the proceeds of the proposed Rights Issue to reduce the interest cost and thereby improving profitability.

8. Promise Vs. Performance

The Company had come out with its Maiden Public Issue in the year 1994. The Company had made certain projections on the operating and financial performances in the prospectus of the said issue based on the then prevailing situation. However, due to various reasons, the projections could not be achieved.

(Rs. in lakhs)

Particulars	**1993-94**		**1994-95**		**1995-96**	
	Proj.	Actual	Proj.	Actual	Proj.	Actual
Sales & Other Income	315.83	248.61	1515.26	435.16	1716.69	744.99
PBDIT	62.38	38.86	168.39	82.69	185.60	134.19
PBT	46.69	25.76	109.30	46.42	127.41	82.68
PAT	39.69	25.46	81.97	40.42	89.19	64.68
Dividend (in %)	10%	20%	60%	8%	75%	12%
EPS (Rs. per share)	1.32	0.85	2.73	1.35	2.97	2.16
Capacity Utilization	75%	10.37%	65%	16.16%	75%	24.01%

(Note: During the year 1993-94, 1994-95 and 1995-96, on account of lower demand of its products, the Company was resorting to job work activities to utilize its Installed Capacity in an optimum manner and to increase its revenues. However, the capacity utilization on account of job work activities has not been considered while calculating the Capacity Utilization during the year 1993-94, 1994-95 and 1995-96.)

The projections of sales and profits at the time of Initial Public Offer in the year 1994 was made considering the potential for huge demand for Company's product in the Gas Pipes Sector, Water Irrigation sector, etc. At that time it was envisaged that the HDPE pipes would be largely used for domestic LPG /CNG Distribution through pipelines across the Country. The projections were made based on the Government/Semi Government Agencies' plans for providing gas through pipelines across the major cities.

However, during the period from 1994 till 2000, most of the projects were delayed due to non-availability of CNG/LPG gas at required level for distribution. Consequently, it adversely affected the demand for the Company's product. The Company could not get the anticipated sales orders and resultantly, the actual sales and profits of the Company were very low as compared to projected sales and profits, which were mentioned in the prospectus.

Further, the Company had also installed one production line for manufacturing large size HDPE pipes up to the diameters 630mm OD expecting huge demand in large size HDPE pipes in Irrigation sector and water supply distribution sector. The actual market demand for the large size did not come for few years during 1994 - 2000. This caused the adverse effect on demand and sales of the Company's product and on the profitability. It was only after year 2000 that the demand for such pipes actually increased in the chemical industry and effluent treatment disposal.

Thus, due to aforesaid reasons, the Company's performance in terms of sales and profitability was not up to the projected levels.

9. Key Employees are on deputation from Group Companies

The Company has been utilising the services of Mr Hemant. R. Shah (Finance Manager), Mr. Maulik V. Kapadia (Project in charge), Mr. T.P. Vijayan (Business Development Manager), and Mr. R. D Desai (Works manager), all employees of the group companies of Dutron Polymers Ltd. for various functions such as Accounting & Finance, Project Management, Business Development and Factory Management as and when required. The Company is not required to pay any compensation to these persons for their services to the Company. The Company does not have any key employee on its roll except Mr. Haresh Chavda who is Lab. technician & permanent employee of the Company. If these employees leave their employer companies, DPL may suffer due to non-availability of the required talent.

10. Delayed compliance with SEBI (SAST) Regulations

The Company has failed to comply in time with the provisions of Regulations 6(2) and 6(4) of Chapter II of SEBI (SAST) Regulations for the year 1997 and Regulation 8(3) of the said Regulation for the years 1998, 2000-03 & 2005-06.

The delayed compliance made by the company as mentioned above, may expose the company to penal action under the Takeover Regulations and Securities And Exchange Board of India Act, 1992 which may include criminal prosecution, monetary penalty, cease and desist order, adjudication proceedings etc. However, no such action has been initiated against the Company in the past.

For relevant particulars, kindly refer **point number 27** under the head **"NOTES TO THE CAPITAL STRUCTURE"** on page number 33 in the Offer Document"

11. Delay in inducting Independent Directors on the Board pursuant to clause 49 of the listing agreement

The Company was required to induct independent Directors from the period commencing from December 31, 2005 as per the clause 49 of the listing agreement with the BSE on corporate governance. However, such induction was made with effect from June 5, 2006, resulting in delay of two quarters in compliance of the said clause 49. BSE may take disciplinary action against the Company for such non-compliance.

12. Use of GIDC land by a group company without appropriate agreement and approval

The Company's plot of land at 5/B Phase I, GIDC, Vatva, Gujarat was obtained by way of license from GIDC.pursuant to the Agreement entered in to between Company and GIDC. The Company has allowed Nippon Polymers Pvt. Ltd., a group company of DPL to use the said land together with the building situated thereon. However, no formal agreement has been made between the Company and Nippon Polymers Pvt. Ltd. to this effect nor approval of GIDC has been obtained for the same. The Company earns rent income of Rs. 9,60,000 per annum from the aforesaid arrangement. The GIDC has the right to terminate the license and resume possession for the said breach. If GIDC exercises this right, Company would loose the plot and also the income as above.

13. Possibility of conflict of Interest while purchasing raw materials from the group companies

As our line of business involves manufacturing of HDPE Pipes, PVC Pipes and HDPE & PVC Pipe fittings, we have a significant number of purchase transactions with our group companies. Basically, we procure certain raw materials like HDPE granules and PVC powder from some of our promoter group companies. Further, during the peak season, we also take the services of our group companies for execution of projects undertaken by us. There is therefore, a possibility of conflict of interest between our Company and promoter group companies, which can adversely affect our business.

14. One of our group companies is making losses

One of our group companies namely Dutron Telecom Pvt. Ltd. is making losses. The details of losses made by Dutron Telecom Pvt. Ltd,.,a group Company during the past three financial years are given below:

(Rs. in lakhs)

Sr. No.	Name of the Company	Profits/(Losses) for the Financial Year ending on 31st March		
		2003-04	2004-05	2005-06
1	Dutron Telecom Pvt. Ltd.	(5.89)	(1.74)	10.43

For further details about the Dutron Telecom Pvt. Ltd., please refer to page no. 87 of this letter of offer.

15. Additional subscription in the Rights Issue by the promoters of our Company may substantially increase their shareholdings in the Company

In view of the intention of promoters to apply for additional shares in order to ensure minimum 90% subscription, if the issue is under-subscribed, then there is a potential scope for increase in promoters' contribution and consequently promoters' shareholding may increase substantially.

16. SEBI issued Show-Cause Notice to the Company

SEBI had issued a Show Cause Notice No. SMD/POLICY/EDIFAR/12963/2003 dated July 04, 2003 to the Company for non-compliance made by the Company under Clause 51 of the Listing Agreement. SEBI vide its notice asked the Company to comply with the requirements of provisions of Clause 51 of the Listing Agreement for registering with the EDIFAR website and upload necessary documents, statements, reports etc. on the EDIFAR website as required under Clause 51 of the Listing Agreement.

The Company had replied to the aforesaid Show-cause Notice of SEBI vide its Letter dated 15th September, 2003 and Letter dated 18th October, 2004 stating that the requirements related to registration of EDIFAR were duly complied with by the Company.

17. Substantial portion of revenues comes from limited number of customers

Substantial portion of our revenue is derived from small number of customers. Our top 10 customers contributed 67.72% of our sales for financial year 2005-06. Similarly, for financial years 2004-05 and 2003-04, the sales to the top ten customers were 76.29% and 58.65% respectively. We believe that this trend is expected to continue for some time and we will be dependent on a few customers for substantial part of our sales. In the event, any of these top 10 customers decide to procure their requirements from other suppliers, our revenues and profitability may be adversely affected.

18. Outstanding Litigations Involving Group Companies

Dutron Plastics Ltd. has filed an appeal before the Gujarat High Court against the Order of Income-tax Appellate Tribunal for Rs. 2,00,000 arising out of the recalculation of the benefits available to the said company under section 80HHC of the IT Act by the Income-tax department. An adverse decision by the High Court would result in decrease in the profits of the Company.

19. Promoters acquisition of Shares in Excess of 55% Shares of the Company

Some of the promoters of the Company have, in the year 2005-2006, acquired by way of off market purchases, shares aggregating 38,300 (out of which 19200 shares are from a group company), which constitute 1.28% of the equity capital of the company. As the promoters were, before the acquisition as above, holding 59.03% of the equity capital, they were required to make public announcement under the Takeover Regulations, which they appear to have failed to do. As a result, promoters may be liable for action in terms of the Regulations and the SEBI Act. For details, please refer paragraph under the head “Buildup of Promoter Shareholding” on page 27 of this Letter of Offer.

B. EXTERNAL AND BEYOND CONTROL OF THE COMPANY

1) Price volatility in Crude based raw materials

The main raw materials for the Company are HDPE granules and PVC powder, which are petroleum crude based and hence there is high volatility in price.

2) Political, economic and social developments in India and acts of violence or war

Any change in the economic policies and laws affecting companies in the plastic processing business, pace of deregulation, foreign investment, currency exchange rates and other matters could adversely affect the business, financial position and the operations of the Company. Any acts of violence, terrorist activity or war could affect the industrial and commercial operations in the country, which could have an adverse effect on the demand and supply of plastic pipes & fittings.

3) Natural disasters and technical failures

The operations of the plant can be affected by natural disasters and technical failures including malfunctioning or breakdown of equipment, which could adversely affect the business, financial condition and the operations of the Company.

4) Change in technology

Technology plays a vital role in manufacturing plants. The Company's failure or inability to adopt any change in technology might place its competitors at an advantage in terms of cost, efficiency and timely delivery of final products.

5) Competition

The Company operates in a globally competitive business environment. Increase in competition may force the Company to reduce prices of its products, which may reduce the revenues and margins and/or also decrease its market share, either of which could have an adverse effect on the business, financial condition and operations of the Company.

NOTES TO RISK FACTORS

Size of the Issue:

Issue of 30,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 20 per Equity Share (including premium of Rs. 10 per Equity Share) aggregating to Rs 600 Lakhs (Rupees Six Hundred Lakhs Only) on Rights basis to the existing Equity Shareholders of the Company in the ratio of 1(One) Equity Share for every 1(One) Equity Share held on Record Date i. e. 20th December, 2006.

1. The average cost per Equity share for the Promoters of the Company is Rs. 5.86
2. The book value per share as on September 30, 2006 and March 31, 2006 is Rs. 19.54 and Rs. 18.64 for face value of Rs. 10 per share as per the Audited Financial Statements respectively.
3. Net worth (excluding revaluation reserves) of the Company as on September 30, 2006 and March 31, 2006 was Rs. 586.16 Lakhs and Rs. 559.07 lakhs as per Audited Financial Statements respectively.
4. Investors are advised to refer to "Basis for Issue Price" section on page 40 before investing in the Issue.
5. The aggregate number of shares of the Company purchased or sold by the Promoter/Promoter Group/ Directors during the last 6 months are given hereunder;

Sr. No.	Name(s)	Name of the Seller	Whether Promoter / non-promoter	Nature of Transaction	Date of Transaction	No. of Shares	Price in Rs.
1	Dutron Plastics Ltd.	Dutron Telecom Pvt. Ltd.	Promoter Group	Off Market Purchase	25.03.2006	19200	32/-
2	Sejal Falgun Patel	Mohammed Hanif H. Karolia	Non-Promoter	Off Market Purchase	22.05.2006	1500	18/-
3	Rupal S. Patel	Babubhai Patel	Non-Promoter	Off Market Purchase	28.06.2006	300	20/-
4	Chandraprabha B. Patel	Bipinbhai Patel	Promoter	Transmission	29.06.2006	78500	Nil

6. Related Party Transactions entered into by Dutron Polymers Ltd. during the preceeding three financial years are mentioned hereinbelow:

Name of the Related party	**Description of Relationship**	**Nature of Transaction**	**Amount of transaction (Rs.) 2004**		**Amount of transaction (Rs.) 2005**		**Amount of transaction (Rs.) 2006**	
			Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Bipinchandra T. Patel	Chairman	Interest	-	-	253333	-	170830	-
Sudip B. Patel	Jt. Managing Director	Interest	515707	-	1749374	-	2180100	-
Rasesh H. Patel	Jt. Managing Director	Interest	1204285	-	2223821	-	1819419	-
Dutron Plastics Ltd.	Group Company	Interest	170328	-	1302164	-	247725	-
Dutron Plastics Ltd.	Group Company	Office Rent	60000	-	60000	-	60000	-
Technoplast Eng. Co.	Group Company	Purchase and Services	2556650	1.24	1765247	0.41	1505323	0.35
Dutron Plastics Ltd.	Group Company	Purchase of Raw materials	554225	0.27	1056448	0.25	897617	0.21
Nippon Polymers P. Ltd.	Group Company	Purchase of Raw materials	-	-	-	-	-	-
Dutron Plastics (Bharuch)	Group Company	Purchase of Raw materials	154744	0.07	90538	0.02	20938	0.005
Dutron Telecom P. Ltd.	Group Company	Purchase & Services	69330	0.03	109708	0.03	93212	0.02
Sudip B. Patel	Jt. Managing Director	Salaries	480000	-	480000	-	480000	-
Rasesh H. Patel	Jt. Managing Director	Salaries	480000	-	480000	-	480000	-
Alpesh B. Patel	Director	Interest	31000	-	784449	-	1680759	-
Kapilaben H. Patel	Share Holder within the Promoter Group	Interest	106750	-	232458	-	823842	-
Chandraprabha B. Patel	Share Holder within the Promoter group	Interest	30000	-	30833	-	137128	-
Bipinchandra T. Patel (HUF)	Share Holder within the Promoter Group	Interest	-	-	175000	-	-	-
Cosmofil Plasticsack P. Ltd.	Group Company	Purchase	-	-	179264	0.04	195233	0.05
Nippon Polymers P. Ltd	Group Company	Rent	960000	-	960000	-	960000	-

7 The Company and the Lead Manager are obliged to keep this Letter of Offer updated and inform the Shareholders of any material change/developments till the listing and commencement of trading. Investors can contact the Lead Manager or Compliance Officer of the Company for any clarifications/complaints. The Compliance Officer will be available at the following address;

Mr. Manan Bhavsar, Dutron Polymers Ltd., Dutron House, Near Mithakhali Under Bridge, Navrangpura- 380 009, Tel. No. -91-79-2656 1849, Fax No.- 91-79-2642 0894, E-mail ID- dutronad1@sancharnet.in.

8. In the event of the issue being oversubscribed, the allotment shall be on a basis described in section 'Basis of Allotment' of the Letter of Offer.

C. INTRODUCTION

I. SUMMARY

Industry

High Density Poly Ethylene (HDPE) pipes and Poly Vinyl Chloride (PVC) pipes are widely used for handling various items such as water, chemicals, oils, gas, air, coal, minerals, etc. HDPE, an Engineering Plastic has now been accepted world wide as an economical, efficient and easy to handle material and has replaced conventional pipes made from Mild Steel, Cast Iron, Cast Steel, Stainless Steel, Reinforced Cement Concrete, Asbestos Cement and Concrete Reinforced Mild Steel.

HDPE Pipes are used for transportation of effluent in liquid form, corrosive chemicals such as acids, alkalis and other chemicals, brine, sewage, solid waste, etc. Besides above it is also used for transportation of various materials through under ground pipelines and to carry cable conduit lines. The application of HDPE pipes and PVC pipes also finds its place in carrying natural gas & bio gas for domestic and industrial purposes, Agriculture, On-shore and Off-shore pipelines for dredging operation, supply of compressed air in mines, factories and construction sites, chilled water circulations, treated radio active waste etc.

Business

Dutron Polymers Limited, a member of the Dutron group of Companies, was incorporated in the year 1981 as a Private Limited Company under the Companies Act, 1956 by Late Shri Hasmukhbhai Patel, Chemical Engineer, and Late Shri Bipinbhai Patel, Civil Engineer for setting up the project envisaging manufacturing of HDPE pipes and sheets of various sizes with an installed capacity of 300 TPA at 5/B, GIDC, Vatva, Ahmedabad at a total cost of Rs. 10 lakhs, which was financed by way of Promoters' contribution of equity capital of Rs. 1 lakh and unsecured loans of Rs. 9 lakhs.

With an encouraging response to its products, our Company expanded its capacity from 300 TPA to 2970 TPA at a total cost of Rs. 350 lakhs, in the year 1994. With a view to expanding our capacity further, our Company decided to fund the expansion project by making a maiden public issue of equity shares. Accordingly, our Company was converted into a Public Limited Company in the year 1993 and made its public issue in the year 1994 for part financing the expansion project estimated at Rs. 350 lakhs. Our Company has technical collaboration for manufacturing of HDPE pipes with Wavin Overseas B.V., Netherlands, the largest plastic pipe processors in Europe, since last 10 years. The public issue was fully subscribed and Company's equity shares were listed at BSE and ASE. On account of commencement of online trading by the BSE and since there was no trading of Company's equity shares at ASE, our Company delisted the equity shares from ASE as per the extant rules with effect from 31/03/05. Our Company's Equity Shares are presently listed only at BSE. Our Company's registered and corporate office is located at Ahmedabad and our plant is located at National Highway No. 8, Village Hariyala, District-Kheda in Gujarat having installed capacity of 2670 TPA HDPE pipes and 6000 TPA PVC pipes.

Our Company is one of the leading players in the field of plastic pipe processors in India. Brand names of Dutron Group products are Dutron Kanaflex PVC suction and Delivery Hoses, Duct Hoses, Oil Hoses and Non-toxic Hoses, Duplon Flat Delivery Hoses, Duplon Braided PVC Hoses & Dutroflex Corrugated Pipes.

Our Company has presence all over the country through marketing and distribution network of 82 dealers at strategic locations.

Our Company also undertakes turnkey jobs such as manufacturing and laying of pipelines as per the customer requirement and for the purpose has formed teams for carrying out pipe welding as well as installation including pressure testing. Our Company also has fully equipped laboratory with totally computerized imported machines for carrying out quality checks for raw material as well as finished goods.

II. OFFERING DETAILS:

Equity Shares Offered to the Existing Equity Shareholders	Issue of 30,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 20 per Equity Share (including premium of Rs. 10 per Equity Share) aggregating to Rs 600 Lakhs (Rupees Six Hundred Lakhs Only) on rights basis to the existing Equity Shareholders of the Company in the ratio of 1(One) Equity Share for every 1(One) Equity Share held on Record Date i. e. 20th December, 2006.
Equity shares outstanding prior to the issue	30,00,000 Equity shares of Rs. 10 each
Equity shares outstanding after the issue	60,00,000 Equity shares of Rs. 10 each (Assuming Equity Shareholders Subscribe to all the Equity Shares Offered.)
Utilization of Proceeds	The Company intends to deploy the proceeds from the issue of shares for the following: 1. To finance- a) Construction of additional building for storage facility for Raw Materials and Finished Goods b) Modernization and Upgradation of Existing Plant & Machineries and Expansion of the existing facilities c) Part Repayment of unsecured loans of Directors and their relatives and friends. 2. To meet the expenses of the rights issue of equity shares. For Details see the section entitled "Object of this Issue" on Page 34 of this Offer Document.

III. SUMMARY OF FINANCIAL, OPERATING AND OTHER DATA

The following summary of the financial data has been prepared in accordance with the provisions of the SEBI Guidelines issued by the SEBI in pursuance of Section 11 of the SEBI Act except as indicated otherwise described in Auditors Report of M/s. Baheti Bhadada & Associates, Chartered Accountants in section entitled "Financial Information".

STATEMENT OF RESTATED PROFIT AND LOSS ACCOUNTS

(Rs. in Lacs)

For the year March 31	**30-09-06**	**2006**	**2005**	**2004**	**2003**	**2002**
Income						
Gross Sales	1362.00	2757.98	4287.69	2064.66	1409.06	1241.16
Less: Excise Duty	86.87	400.74	592.01	264.7	198.63	170.99
Net Sales	1275.13	2357.24	3695.68	1799.96	1210.43	1070.17
Other income	4.82	31.86	64.67	52.78	23.21	28.25
Increase/(Decrease) in Stock	42.56	91.18	-93.23	142.67	-23.33	5.63
Total	**1322.51**	**2480.28**	**3667.12**	**1995.41**	**1210.31**	**1104.05**
Expenditure						
Raw material Consumption	858.92	1885.85	2957.39	1528.16	883.61	777.79
Manufacturing Expenses	276.13	208.39	273.73	168.69	89.05	100.65
Personnel Expenses	33.57	73.20	65.86	38.26	40.43	40.03

(Rs. in Lacs)

For the year March 31	30-09-06	2006	2005	2004	2003	2002
Administrative & Other Exp.	41.25	91.45	98.64	76.18	63.94	55.71
Total	**1209.87**	**2258.89**	**3395.62**	**1811.29**	**1077.03**	**974.18**
Operating Profit before Interest Depreciation, Prior Period Expenses	**112.64**	**221.39**	**271.50**	**184.12**	**133.28**	**129.87**
Interest and Finance Charges	44.87	77.83	87.90	21.76	3.43	3.67
Depreciation	28.68	56.66	57.95	60.22	68.46	65.04
Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Operating Profit before Prior Period Expenses	**39.09**	**86.90**	**125.65**	**102.14**	**61.39**	**61.16**
Profit Before Tax & Extraordinary Items	39.09	86.90	125.65	102.14	61.39	61.16
Current Tax	12.00	29.51	43.47	38.25	32.60	25.36
Deferred Tax	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after Tax	**27.09**	**57.39**	**82.18**	**63.89**	**28.79**	**35.80**
Impact of material adjustment for establishment in corresponding years						
Add/ (Less):W/back of liability	0.00	0.00	0.00	0.00	0.00	0.00
Add/ (Less): Deferred Tax	0.00	2.71	-4.59	0.63	0.63	0.00
Add/ (Less): Deferred Tax						
Provided earlier now reversed	0.00	0.00	0.00	0.00	0.00	0.00
Adjusted Profit (A+B)	27.09	60.10	77.59	64.52	29.42	35.80
C/F Profit from previous year	34.18	27.83	10.74	9.97	7.55	4.81
Total	**61.27**	**87.93**	**88.33**	**74.49**	**36.97**	**40.61**
Appropriations						
Dividend incl. Tax on dividend	0.00	33.75	40.50	33.75	27.00	33.06
General Reserve	0.00	20.00	20.00	30.00	0.00	0.00
Profit (Loss) C/F to Balance						
Sheet including General Reserves	**61.27**	**34.18**	**27.83**	**10.74**	**9.97**	**7.55**

DUTRON POLYMERS LIMITED

STATEMENT OF RESTATED ASSETS AND LIABILITIES

(Rs. in Lacs)

	For the year March 31	30-09-2006	2006	2005	2004	2003	2002
	Fixed Assets	**1155.55**	**1135.29**	**1050.63**	**970.44**	**848.88**	**796.78**
	Gross Block	687.77	659.26	622.30	565.71	505.13	436.32
	Less : Depreciation	467.78	476.03	428.33	404.73	343.75	360.46
	Less: Revaluation Reserve	21.50	21.66	22.02	22.37	22.73	23.09
A	**Net Block**	**446.28**	**454.37**	**406.31**	**382.36**	**321.02**	**337.37**
B	**Investments**	**0.10**	**0.10**	**0.10**	**0.10**	**0.10**	**0.10**
C	**Current Assets**						
	Inventories	437.26	306.89	234.90	303.16	127.62	211.78
	Sundry Debtors	744.27	754.15	996.65	403.41	255.05	215.38
	Cash & Bank Balance	38.85	4.77	13.07	5.05	7.91	1.62
	Loans & Advances	172.83	152.18	163.55	182.40	128.38	181.71
	Total Current Assets	1393.21	1217.99	1408.17	894.02	518.96	610.49
D	**Total Assets (A+B+C)**	**1839.59**	**1672.46**	**1814.58**	**1276.48**	**840.08**	**947.96**
	Less : Liabilities & Provisions						
	Secured Loans	44.52	39.43	78.99	30.38	21.00	45.14
	Unsecured Loans	909.89	835.20	951.93	382.47	44.15	88.97
	Deffered Tax Liabilities	41.47	41.47	44.18	39.59	40.22	40.85
	Deffered Sales Tax Liabilities (Guj. Govt.)	15.88	31.76	70.74	109.71	148.69	187.66
	Current Liabilities	158.17	90.28	89.02	143.60	48.87	66.87
	Provision for Taxation	83.50	75.25	47.00	75.10	68.70	54.10
E	**Total Liabilities**	**1253.43**	**1113.39**	**1281.86**	**780.85**	**371.63**	**483.59**
	Networth (D-E)	**586.16**	**559.07**	**532.72**	**495.63**	**468.45**	**464.37**
	REPRESENTED BY						
F	**Share Capital**	300.00	300.00	300.00	300.00	300.00	300.00
	Reserves & Surplus	307.66	280.73	254.74	218.00	192.85	190.79
	Less: Revaluation Reserve	21.50	21.66	22.02	22.37	22.73	23.09
	Less : Misc Expenditure	0.00	0.00	0.00	0.00	1.67	3.33
G	**Net Reserves & Surplus**	286.16	259.07	232.72	195.63	168.45	164.37
H	**Networth (F+G)**	**586.16**	**559.07**	**532.72**	**495.63**	**468.45**	**464.37**

DUTRON

DUTRON POLYMERS LIMITED

(Originally Incorporated as Dutron Polymers Private Limited on 17th November 1981 under the Companies Act, 1956 as Private Limited Company. Subsequently the Company was converted into Public Limited Company vide Special resolution passed on 15th July 1993 and received the Fresh Certificate of Incorporation on 5th August 1993)

Registered Office: "Dutron House", Near Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.
(The registered office of the Company was shifted from Trupti Apartment- Ground Floor, Behind High Court, Navrangpura, Ahmedabad-380 009 to the above address with effect from 3rd May 1993)
Tel No: (91)(79)-26561849 / 26427522 Fax: (91)(79)-26420894 Email: dutronad1@sancharnet.in
website: www.dutronindia.com
Company is registered with the Registrar of Companies, Gujarat ROC Bhavan, Opp. Rupal Park, Near Ankur Bus Stop, Naranpura, Ahmedabad - 380 061 Company Registration No.: 04-4786.

IV. GENERAL INFORMATION

BOARD OF DIRECTORS:

Our Company is managed by Board of Directors comprising of 6 (six) Directors. Mr. Sudip B Patel is the Chairman & Joint Managing Director. The day-to-day affairs of the Company are being managed by Mr. Rasesh H. Patel, Joint Managing Director of the Company. Our Board of Directors comprises of the following:

Name of the Director	Designation	Status	Other Directorship
Mr. Sudip B. Patel	Chairman & Joint Managing Director	Promoter Director	a) Dutron Plastics Limited b) Nippon Polymers Pvt. Ltd. c) Cosmofil Plastisack Pvt. Ltd. d) Dutron Telecom Pvt. Ltd.
Mr. Rasesh H. Patel	Joint Managing Director	Promoter Director	a) Dutron Plastics Limited b) Nippon Polymers Pvt. Ltd. c) Dutron Telecom Pvt. Ltd.
Mr. Alpesh B. Patel	Director	Promoter Director	a) Dutron Plastics Limited b) Nippon Polymers Pvt. Ltd. c) Dutron Telecom Pvt. Ltd.
Mr. Chandulal T. Shah	Director	Independent Director	Nil
Mr. Ashvin V. Kothari	Director	Independent Director	Nil
Mr. Kaushik N. Patel	Director	Independent Director	a) Nirma Ltd. b) Kalupur Comm. Co.op Bank Ltd. c) Kautilya Finsecurities Ltd.

BRIEF DETAILS OF EXECUTIVE DIRECTORS:

Mr. Sudip B. Patel:

Mr. Sudip B. Patel, (44) a Bachelor of Engineering in Chemical Engineering from L. D. Engineering College, Ahmedabad and Masters in Chemical Engineering from University Department of Chemical Technology, Bombay, having experience of 23 years in Polymers Industry is the Chairman & Joint Managing Director of our Company. He also holds degree in MBA with specialization in Finance from Philadelphia College of Textiles & Science, USA. He is the son of Late Shri Bipinbhai Patel, founder of Dutron Group. He looks after the production function of the Company. He is also key person for new product development, R&D activity and expansion cum modernization.

Mr. Rasesh H. Patel

Mr. Rasesh H. Patel, (40) a Bachelor of Engineering in Electronics and Communicationsfrom L. D. Engineering College, Ahmedabad and M.S. in Electrical Engineering and MBA in production from Drexel University, Philadelphia, USA. He is son of Late Shri Hasmukhbhai Patel, founder of Dutron Group having experience of more than 13 years and is a Joint Managing Director of our Company. After completing his education, he joined our Company and has been key person behind the first public Issue of the Company. He looks after finance, production and day-to-day administrative functions of the Company.

COMPLIANCE OFFICER & COMPANY SECRETARY	**LEGAL ADVISOR TO THE ISSUE**
Mr. Manan Bhavsar "Dutron House", Near Mithakhali Under Bridge, Navrangpura, Ahmedabad- 380 009 Tel: 91-79-2656 1849, Fax: 91-79-2642 0894 E-mail: dutronad1@sancharnet.in	India Law Services Advocates & Solicitors 205-206, Maker Chambers, Veer Nariman Point, Mumbai Tel: 91-22-66336791, Fax: 91-22-66336790 E-mail: Mumbai@indialawservices.net Contact Person- Mr. A. G. Karkhanis
BANKERS TO THE COMPANY	
Corporation Bank Opp. Navrangpura Bus Stop, Navrangpura Ahmedabad-380 009. Tel: 91-79-26443063-26442766 Fax No. 91-79-26446498 Email: cb811@corpbank.co.in **HDFC BANK LTD.** Mithakhali Branch Navrangpura Ahmedabad - 380 009. Tel: 91-79-65138811 Fax No. 91-79-26560503 Email: hdfc@hdfcbank.com	**The Ahmedabad Mercantile Cooperative Bank Ltd.** AMCO House, Stadium Road, Navrangpura, Ahmedabad-380 009 Tel: 91-79-26426582- 84 Fax No. 91-79-26564863 Email. Amcobankad1@sancharnet.in
LEAD MANAGER TO THE OFFER	**REGISTRAR TO THE ISSUE**
Vivro Financial Services Private Limited "Vivro House", 11, Shashi Colony, Opp. Suvidha Shopping Center, Paldi, Ahmedabad 380 007 Tel: 91-79- 26575666 Fax: 91-79- 26575441 Contact Person: Mr. Jayesh Vithlani E-mail: dutron@vivro.net, Website: www.vivro.net	**Pinnacle Share Registry Pvt. Ltd.** Nr. Asoka Mills, Naroda Road, Ahmedabad - 380 025 Tel.: 91-79-22200338-22204226 Fax: 91-79-22202963. Contact Person: Mr. Mukesh Trivedi Email:dutron.rights@psrpl.com
STATUTORY AUDITORS	**BANKER TO THE ISSUE**
BAHETI BHADADA & ASSOCIATES Chartered Accountants 201, Shaily Complex, Old Gujarat High Court Road, Nr. Dr. Amrish Parikh Hospital Ashram Road, Ahmedabad 380 009 Tel.: 91-79- 27540294 Fax: 91-79- 27544403 Email: bba_201@yahoo.com	**HDFC BANK LTD.** Mithakhali Branch Navrangpura Ahmedabad - 380 009. Tel: 91-79-65138811 Fax No. 91-79-26560503 Email: hdfc@hdfcbank.com Contact Person: Mr. Manish Motwani Email: manish.motwani@hdfcbank.com

Note: Investors are advised to contact the Registrar to the Issue or the Compliance Officer of the company in case of any pre-issue/ post-issue related problems such as non- receipt of LOF/ Letter of allotment/ share certificate/ refund orders / demat credit etc.

STATEMENT OF INTERSE ALLOCATION OF RESPONSIBILITIES AMONGST LEAD MANAGERS.

Since the issue is managed by one Lead Manager, the entire responsibilities shall vest with the Lead Manager.

CREDIT RATING

This being a Rights Issue of Equity Shares, credit rating is not required.

TRUSTEES

This being a Rights Issue of Equity Shares, appointment of Trustees is not required.

MONITORING AGENCY

No Monitororing Agency has been appointed.

APPRAISING ENTITY

Not Applicable

UNDERWRITING

The present Rights Issue is not underwritten. However, the Promoters have confirmed vide their Letter of Intent dated 10th July 2006 that they intend to subscribe to the full extent of their entitlement in the Issue. Promoters intend to apply for additional Equity Shares in the Issue such that at least 90% of the Issue size is subscribed. As a result of this subscription and consequent allotment, the Promoters may acquire Equity Shares over and above their entitlement in the Issue, which may result in their shareholding in the Company being above their current shareholding.

This subscription and acquisition of additional Equity Shares by the Promoters, if any, will not result in change of control of the management of the Company and shall be exempt in terms of provision to Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. As such, other than meeting the requirements indicated in Objects of the Issue (refer "Particulars of the Present Issue"), there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoters through this Issue, the Promoter shareholding in the Company exceeds their current shareholding.

However, the Promoters have confirmed vide the letter dated August 01, 2006 that in case the Rights Issue of the Company is completed with their subscribing to Equity Shares over and above their entitlement and as a result, if the public shareholding in the Company after the Rights Issue falls below the "permissible minimum level" on the basis of which the securities of the Company continue to be listed, they will make an offer for sale of their holdings so that the public shareholding is raised to the "permissible minimum level" within a period of 3 months from the date of allotment in the proposed Issue, as per the requirements of sub-clause 17.1 and 17.2 of SEBI (Delisting of Securities) Guidelines, 2003 or as per any amendment thereto or any other period as may be directed by SEBI or any appropriate authority.

In this context, the Promoters of Dutron Polymers Limited have provided following undertaking:

"We hereby undertake that, in case the Rights Issue of Dutron Polymers Limited is completed with the Promoters subscribing to Equity Shares over and above their entitlement and as a result, if the public shareholding in the Company after the Rights Issue falls below the "permissible minimum level" as specified in the listing condition or listing agreement, we will make an offer for sale of our holdings so that the public shareholding is raised to the "permissible minimum level" within a period of 3 months from the date of allotment in the proposed Rights Issue, as per the requirements of sub-clause 17.1 and 17.2 of SEBI (Delisting of Securities) Guidelines, 2003 or as per any amendment thereto or any other period as may be directed by SEBI or any appropriate authority."

V. CAPITAL STRUCTURE

	Number of Shares	Description of Shares	Nominal Amount (Rs.)	Aggregate Amount at Issue Price (Rs.)
A.	**Authorized share capital**			
	60,00,000	Equity Shares of Rs. 10/- each	6,00,00,000	6,00,00,000
B.	**Issued, Subscribed and Paid up share capital**			
	30,00,000	Equity shares of Rs. 10/- each	3,00,00,000	3,00,00,000
C.	**Present Rights Issue in terms of this Letter of Offer**			
	30,00,000	Equity Shares of Rs. 10/- each for cash at an Issue Price of Rs. 20/- per Equity Share (including premium of Rs. 10/- per Equity Share) on rights basis to the existing equity shareholders of the company in the ratio of 1 (one) equity share for every 1 (one) equity share held on the record date.	3,00,00,000	6,00,00,000
D.	**Subscribed and Paid up capital after the Right Issue** (Assuming full subscription)			
	60,00,000	Equity shares of Rs. 10/- each	6,00,00,000	6,00,00,000
E	**Share Premium Account**			
	- Before the Right Issue - After the Right Issue		- -	Nil 3,00,00,000

Details of Changes in Authorised Capital:

Sr. No.	Particulars of Increase	Date of Meeting	Nature of Meeting
1	Rs. 15 lakhs	-	At Incorporation
2	Rs. 15 lakhs to Rs. 50 lakhs	22/02/1993	EGM
3	Rs. 50 lakhs to Rs. 400 lakhs	07/09/1993	AGM
4	Rs. 400 lakhs to Rs. 600 lakhs	25/03/2006	EGM

NOTES TO THE CAPITAL STRUCTURE

1) BUILD UP OF EQUITY CAPITAL AS ON 14TH AUGUST, 2006

Details of Capital structure of the Company since inception are as follows:

Date of allotment/ issue	No. of shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Allotment	Reason of Allotment	Cumulative No. of Shares	% of pre-issue capital	Cumulative Paid Up Capital (Rs.)
17/11/1981	20	10	10	Cash	Subscription to the MOA	20	0.01	200
26/12/1983	9,980	10	10	Cash	Allotment to Promoters	10,000	0.32	1,00,000
30/03/1992	90,000	10	10	Cash	Allotment to Promoters	1,00,000	3.00	10,00,000
25/02/1993	3,00,000	10	10	Other than Cash	Bonus Issue	4,00,000	10.00	40,00,000
07/09/1993	26,00,000	10	10	Cash	Public Issue	30,00,000	86.67	3,00,00,000
Total	**30,00,000**						**100.00%**	

2) BUILD UP OF PROMOTERS SHAREHOLDING AS ON 14TH AUGUST, 2006

Sr. No.	Name of Promoters	Name of on which Equity shares were allotted, acquired and made fully paid up	No. of Equity Shares	Face Value	Issue Price	Mode of Acquisition	Nature of Payment of Consideration	Percentage of Paid up Capital Pre-issue	Percentage of paid up capital Post Issue
(A)	**PROMOTERS:**								
1	**Mr. Sudip B. Patel**	26-12-1983	100	10	10	Allotment	Cash	0.00	-
		01-08-1989	500	10	10	Purchase	Cash	0.02	-
		30-03-1992	10000	10	10	Allotment	Cash	0.33	-
		25-02-1993	31800	10	0	Bonus	-	1.06	-
		28-06-1994	27200	10	10	Public Issue	Cash	0.91	-
		30-06-2000	5000	10	10	Off Market Purchase	Cash	0.17	-
		17-09-2001	8200	10	10	Off Market Purchase	Cash	0.27	-
		17-09-2001**	1200	10	10	Off Market Purchase (Inter-se Transfer)	Cash	0.27	-
		22-09-2003**	2500	10	10	Off Market Purchase	Cash	0.27	-
		Total	**86500**					**2.88**	**2.88**
2	**Mr. Alpesh B. Patel**	01-08-1989	600	10	10	Purchase	Cash	0.02	-
		30-03-1992	10000	10	10	Allotment	Cash	0.33	-
		25-02-1993	31800	10	0	Bonus	-	1.06	-
		28-06-1994	27200	10	10	Public Issue	Cash	0.91	-
		31-03-2000	1600	10	10	Off Market Purchase	Cash	0.05	-
		17-09-2001**	7000	10	10	Off Market Purchase	Cash	0.23	-
		17-09-2001**	1400	10	10	Off Market Purchase (Inter se Transfer)	Cash	0.05	-
		15-09-2004	3400	10	14	Off Market Purchase	Cash	0.11	-
		Total	**83000**					**2.77**	**2.77**
3	**Mr. Rasesh Patel**	01-08-1989	600	10	10	Purchase	Cash	0.02	-
		30-03-1992	15000	10	10	Allotment	Cash	0.50	-
		25-02-1993	46800	10	0	Bonus	-	1.56	-
		28-10-1993	64400	10	10	Transmission	Cash	2.15	-
		28-06-1994	93300	10	10	Public Issue	Cash	3.11	-
		22-09-2005**	3900	10	37	Off Market Purchase	Cash	0.13	-
		Total	**224000**					**7.47**	**7.47**
		TOTAL (A)	**3,93,500**					**13.12%**	**13.12%**

3) Build-up of Promoter Group

Sr. No.	Name of Person falling under Promotors' Group	Date on which equity shares were allotted acquired and made fully paid up	No.of equity shares	Face Value	Nature of Acquisition	Nature of Payment of Consideration	Percentage of Paid up Capital Pre-issue	Percentage of paid up capital Post Issue
(B)	**Individuals, HUF falling under Promoters' Group**							
4	**Hasmukhbhai T. Patel (HUF)**	01-08-1989	400	10	Purchase	Cash	0.01	
		25-02-1993	1200	10	Bonus	-	0.04	
		28-06-1994	3400	10	Public Issue	Cash	0.11	
		18-09-2002	200	10	Off Market Purchase	Cash	0.01	
		15-03-2005**	200	10	Off Market Purchase	Cash	0.01	
		31-05-2005**	500	10	Off Market Purchase	Cash	0.02	
		15-09-2005**	1600	10	Off Market Purchase	Cash	0.05	
		Total	**7500**				**0.25**	**0.25**
5	**Jagruti Patel**	01-08-1989	200	10	Purchase	Cash	0.01	
		25-02-1993	600	10	Bonus	-	0.02	
		28-06-1994	205500	10	Public Issue	Cash	6.85	
		Total	**206300**				**6.88**	**6.88**
6	**Kapilaben H. Patel**	01-08-1989	500	10	Purchase	Cash	0.01	
		30-03-1992	10000	10	Allotment	Cash	0.33	
		25-02-1993	31500	10	Bonus	-	1.05	
		28-06-1994	108900	10	Public Issue	Cash	3.63	
		30-06-1995	3500	10	Off Market Purchase	Cash	0.12	
		15-08-1995	2000	10	Off Market Purchase	Cash	0.07	
		17-09-2000**	1500	10	Off Market Purchase	Cash	0.05	
		17-09-2000**	2000	10	Off Market Purchase (Inter se transfer)	Cash	0.07	-
		Total	**159900**				**5.33**	**5.33**
7	**Chandraprabha B. Patel**	01-08-1989	300	10	Purchase	Cash	0.01	
		30-03-1992	10000	10	Allotment	Cash	0.33	
		25-02-1993	30900	10	Bonus	-	1.03	
		28-06-1994	14100	10	Public Issue	Cash	0.47	
		05-03-1999	200	10	Off Market Purchase	Cash	0.01	
		29-06-2006	78500	10	Transmission	-	2.62	
		Total	**134000**				**4.47**	**4.47**
8	**Nita H. Patel**	01-08-1989	400	10	Purchase	Cash	0.01	
		30-03-1992	5000	10	Allotment	Cash	0.17	
		25-02-1993	16200	10	Bonus	-	0.54	

Sr. No.	Name of Person falling under Promotors' Group	Date on which equity shares were allotted acquired and made fully paid up	No.of equity shares	Face Value	Nature of Acquisition	Nature of Payment of Consideration	Percentage of Paid up Capital Pre-issue	Percentage of paid up capital Post Issue
		28-06-1994	20700	10	Public Issue	Cash	0.69	
		31-08-1995	3100	10	Off Market Purchase	Cash	0.10	
		31-05-1996	1700	10	Off Market Purchase	Cash	0.06	
		30-06-1996	300	10	Off Market Purchase	Cash	0.01	
		31-08-1997	500	10	Off Market Purchase	Cash	0.02	
		30-04-1998	400	10	Off Market Purchase	Cash	0.01	
		17-09-2001	900	10	Off Market Purchase	Cash	0.03	
		Total	**49200**				**1.64**	**1.64**
9	**Dutron Plastics Ltd.**	28-06-1994	212700	10	Public Issue	Cash	7.09	
		25-03-2006**	19200	10	Off Market Purchase (Inter se Transfer)	Cash	0.64	
		Total	**231900**				**7.73**	**7.73**
10	**Nippon Polymers Pvt. Ltd.**	28-06-1994	220400	10	Public Issue	Cash	7.35	
		Total	**220400**				**7.35**	**7.35**
11	**Jyotiben S. Patel**	28-06-1994	10000	10	Public Issue	Cash	0.33	
		15-09-1995	1500	10	Off Market Purchase	Cash	0.05	
		31-07-1997	1000	10	Off Market Purchase	Cash	0.03	
		22-09-2005**	3200	10	Off Market Purchase	Cash	0.11	
		Total	**15700**				**0.52**	**0.52**
12	**Truptiben A. Patel**	28-06-1994	10000	10	Public Issue	Cash	0.33	
		15-09-1995	1500	10	Off Market Purchase	Cash	0.05	
		31-01-1997	1000	10	Off Market Purchase	Cash	0.03	
		31-08-1997	300	10	Off Market Purchase	Cash	0.01	
		31-03-2000	2500	10	Off Market Purchase	Cash	0.08	
		30-06-2000	3000	10	Off Market Purchase	Cash	0.10	
		11-04-2002	200	10	Off Market Purchase	Cash	0.01	
		22-09-2005**	1100	10	Off Market Purchase	Cash	0.04	
		Total	**19600**				**0.65**	**0.65**
13	**Kirtibhai N. Patel**	28-06-1994	240000	10	Public Issue	Cash	8.00	
		Total	**240000**				**8.00**	**8.00**
14	**Shaileshbhai V. Patel**	28-06-1994	9100	10	Public Issue	Cash	0.30	
		31-08-1997	500	10	Off Market Purchase	Cash	0.02	
		30-04-1998	500	10	Off Market Purchase	Cash	0.02	
		15-08-1998	700	10	Off Market Purchase	Cash	0.02	
		Total	**10800**				**0.36**	**0.36**

Sr. No.	Name of Person falling under Promotors' Group	Date on which equity shares were allotted acquired and made fully paid up	No.of equity shares	Face Value	Nature of Acquisition	Nature of Payment of Consideration	Percentage of Paid up Capital Pre-issue	Percentage of paid up capital Post Issue
15	**Chandramaniben C. Patel**	28-06-1994	7500	10	Public Issue	Cash	0.25	
		17-09-2001	7900	10	Transmission	-	0.26	
		Total	**15400**				**0.51**	**0.51**
16	**Rupal S. Patel**	15-09-2005**	2500	10	Off Market Purchase	Cash	0.08	
		22-09-2005**	2400	10	Off Market Purchase	Cash	0.08	
		22-09-2005**	300	10	Off Market Purchase (Inter se transfer)	Cash	0.01	-
		28-06-2006	300	10	Off Market Purchase	Cash	0.01	
		Total	**5500**				**0.18**	**0.18**
		TOTAL (B)	**1316200**				**43.87%**	**43.87%**
(B)	**Individual, HUF Falling under PACs (persons acting in concert)**							
17	**Balkrishna I. Patel**	26-12-1983	500	10	Allotment	Cash	0.02	
		25-02-1993	1500	10	Bonus	-	0.05	
		28-06-1994	400	10	Public Issue	Cash	0.01	
		Total	**2400**				**0.08**	**0.08**
18	**Kantaben K. Patel**	26-12-1983	250	10	Allotment	Cash	0.01	
		25-02-1993	750	10	Bonus	-	0.02	
		Total	**1000**				**0.03**	**0.03**
19	**Ushaben M. Patel**	26-12-1983	250	10	Allotment	Cash	0.01	
		25-02-1993	750	10	Bonus	-	0.02	
		28-06-1994	5600	10	Public Issue	Cash	0.19	
		31-12-2000	100	10	Off Market Purchase	Cash	0.00	
		Total	**6700**				**0.22**	**0.22**
20	**Sushilaben R. Patel**	26-12-1983	300	10	Allotment	Cash	0.01	
		25-02-1993	900	10	Bonus	-	0.03	
		28-06-1994	3800	10	Public Issue	Cash	0.13	
		Total	**5000**				**0.17**	**0.17**
21	**Bharat A. Patel**	26-12-1983	300	10	Allotment	Cash	0.01	
		25-02-1993	900	10	Bonus	-	0.03	
		28-06-1994	2800	10	Public Issue	Cash	0.09	
		Total	**4000**				**0.13**	**0.13**
22	**Rajesh K. Patel**	01-08-1989	100	10	Purchase	Cash	0.00	
		25-02-1993	300	10	Bonus	-	0.01	
		Total	**400**				**0.01**	**0.01**

Sr. No.	Name of Person falling under Promotors' Group	Date on which equity shares were allotted acquired and made fully paid up	No.of equity shares	Face Value	Nature of Acquisition	Nature of Payment of Consideration	Percentage of Paid up Capital Pre-issue	Percentage of paid up capital Post Issue
23	**Vimal K. Patel**	01-08-1989	100	10	Purchase	Cash	0.00	
		25-02-1993	300	10	Bonus	-	0.01	
		Total	**400**				**0.01**	**0.01**
24	**Veenaben V. Patel**	28-06-1994	14100	10	Public Issue	Cash	0.47	
		30-04-1997	1100	10	Off Market Purchase	Cash	0.03	
		30-04-1998	200	10	Off Market Purchase	Cash	0.01	
		Total	**15400**				**0.51**	**0.51**
25	**Smitaben K. Patel**	28-06-1994	7500	10	Public Issue	Cash	0.25	
		Total	**7500**				**0.25**	
26	**Kantibhai I. Patel**	28-06-1994	5000	10	Public Issue	Cash	0.17	
		Total	**5000**				0.17	
27	**Chiragbhai K. Patel**	28-06-1994	2400	10	Public Issue	Cash	0.08	
		30-06-1995	800	10	Off Market Purchase	Cash	0.03	
		31-08-1996	100	10	Off Market Purchase	Cash	0.00	
		15-09-1997	200	10	Off Market Purchase	Cash	0.01	
		Total	**3500**				**0.12**	**0.12**
28	**Kashyap K. Patel**	28-06-1994	1800	10	Public Issue	Cash	0.06	
		15-09-1996	500	10	Off Market Purchase	Cash	0.02	
		23-04-2000	2000	10	Off Market Purchase	Cash	0.06	
		Sub-total	**4300**					**0.14**
	Less: Transfer	04-01-2005**	400	10	Off Market Sale	Cash	0.01	
		04-01-2005**	1900	10	(Inter se transfer)	Cash	0.06	
		Total	**2000**				**0.07**	**0.07**
29	**Padmaben K. Patel**	28-06-1994	5800	10	Public Issue	Cash	0.19	
		15-08-1996	800	10	Off Market Purchase	Cash	0.03	
		31-08-1997	1100	10	Off Market Purchase	Cash	0.04	
		01-04-2005**	2800	10	Off Market Purchase (Inter-se Transfer)	Cash	0.09	
		Total	**10500**				**0.35**	**0.35**
30	**Manilal T. Patel**	28-06-1994	5000	10	Public Issue	Cash	0.17	
		Total	**5000**				**0.17**	**0.17**
31	**Tarlikaben N. Patel**	28-06-1994	5400	10	Public Issue	Cash	0.18	
		Total	**5400**				**0.18**	**0.18**
32	**Heena Chirag Patel**	31-01-2000	200	10	Off Market Purchase	Cash	0.01	
		Total	**200**				**0.01**	**0.01**
33	**Falgun M. Patel**	28-06-1994	800	10	Public Issue	Cash	0.03	
		Total	**800**				**0.03**	**0.03**

Sr. No.	Name of Person falling under Promotors' Group	Date on which equity shares were allotted acquired and made fully paid up	No.of equity shares	Face Value	Nature of Acquisition	Nature of Payment of Consideration	Percentage of Paid up Capital Pre-issue	Percentage of paid up capital Post Issue
34	**Sejal Falgun Patel**	30-04-1998	600	10	Off Market Purchase	Cash	0.02	
		15-08-1998	1300	10	Off Market Purchase	Cash	0.04	
		17-09-2001	500	10	Off Market Purchase	Cash	0.02	
		22-05-2006**	1500	10	Off Market Purchase	Cash	0.05	
		Total	**3900**				**0.13**	**0.13**
35	**Vaishalya R. Patel**	28-06-1994	200	10	Public Issue	Cash	0.00	
		15-09-1995	300	10	Off Market Purchase	Cash	0.02	
		30-09-1994	500	10	Off Market Purchase (Inter se Transfer) Cash	0.01		
		Total	**1000**				**0.03**	**0.03**
36	**Desh R. Patel**	15-09-1996	100	10	Off Market Purchase	Cash	0.00	
		31-07-1997	700	10	Off Market Purchase	Cash	0.02	
		31-08-1997	200	10	Off Market Purchase	Cash	0.01	
		09-02-1998	600	10	Off Market Purchase	Cash	0.02	
		Sub-Total	**1600**				**0.05**	
	Less : Transfer	31-01-2001	500	10	Off Market Sale	Cash	0.01	
		Total	**1100**				**0.04**	**0.04**
37	**Sheelaben P. Patel**	28-06-1994	400	10	Public Issue	Cash	0.01	
		Total	**400**				**0.01**	**0.01**
38	**Arvind I. Patel**	28-06-1994	400	10	Public Issue	Cash	0.01	
		Total	**400**				**0.01**	**0.01**
39	**Pradipbhai A. Patel**	28-06-1994	400	10	Public Issue	Cash	0.01	
		Total	**400**				**0.01**	**0.01**
40	**Samirbhai A. Patel**	28-06-1994	400	10	Public Issue	Cash	0.01	
		Total	**400**				**0.01**	**0.01**
41	**Madhusudan A. Patel**	28-06-1994	2900	10	Public Issue	Cash	0.10	
		Total	**2900**				**0.10**	**0.10**
42	**Tejasbhai M. Patel**	28-06-1994	400	10	Public Issue	Cash	0.01	
		30-06-1995	500	10	Off Market Purchase	Cash	0.02	
		31-08-1996	200	10	Off Market Purchase	Cash	0.01	
		31-12-2000	400	10	Off Market Purchase	Cash	0.01	
		Total	**1500**				**0.05**	**0.05**
43	**Parul Rajesh Patel**	28-06-1994	2000	10	Public Issue	Cash	0.07	
		Total	**2000**				**0.07**	**0.07**

Sr. No.	Name of Person falling under Promotors' Group	Date on which equity shares were allotted acquired and made fully paid up	No.of equity shares	Face Value	Nature of Acquisition	Nature of Payment of Consideration	Percentage of Paid up Capital Pre-issue	Percentage of paid up capital Post Issue
44	**Rashmikant S. Patel**	28-06-1994	2500	10	Public Issue	Cash	0.08	
		12-09-2003	300	10	Off Market Purchase	0.01		
		Total	**2800**				**0.09**	**0.09**
45	**Naynaben Rashmikant Patel**	28-06-1994	200	10	Public Issue	Cash	0.01	
		Sub-total	**200**				**10**	**0.01**
	Less: Transfer	15-09-1995	100	10	Off Market Sale	Cash	0.00	
		Total	**100**				**0.00**	**0.00**
46	**Kiritbhai C. Patel**	28-06-1994	7500	10	Public Issue	Cash	0.25	
		Total	**7500**				**0.25**	**0.25**
		TOTAL (C)	**99600**				**3.32%**	**3.32%**
		GRAND TOTAL (A+B+C)	**18,09,300**				**60.31%**	**60.31%**

** Some of the promoters of the Company have, in the year 2005-2006, acquired by way of off market purchases, shares aggregating 38,300 (out of which 19200 shares are from a group company), which constitute 1.28% of the equity capital of the company. As the promoters were, before the acquisition as above, holding 59.03% of the equity capital, they were required to make public announcement under the Takeover Regulations, which they appear to have failed to do. As a result, promoters and Company may be liable for such in terms of provisions of SEBI Takeover Regulations and attract penalties under SEBI Act and the SEBI (SAST) Regulations.

4) PROMOTERS' CONTRIBUTION AND LOCK-IN

The present Issue being a Rights Issue, as per clause 4.10.1(c) of extant SEBI (Disclosure and Investor Protection) Guidelines, the requirement of Promoters' contribution is not applicable. As a consequence none of the equity shares are locked in.

5) The Company, Promoters, Directors and Lead Manager to the Issue have not entered into any buy-back, standby or similar arrangements for purchase of any of the securities being issued through this Letter of Offer.

6) The Equity shares offered through this Rights issue shall be made fully paid up within 12 months from the date of allotment.

7) Top Ten shareholders as on the date of filling of Letter of Offer with the Stock Exchange:

Sr. No	Name of Shareholder	No. of shares	% of share capital
1.	Dutron Plastics Limited	2,31,900	7.74
2.	Rasesh H. Patel	2,24,000	7.47
3.	Nippon Polymers Limited	2,20,400	7.35
4.	Kirtikumar N. Patel	2,10,000	7.00
5.	Jagruti K. Patel	2,06,300	6.88
6	Kapilaben H. Patel	1,59,900	5.33
7.	Chandraprabha B. Patel	1,34,000	4.45
8.	Sudip B. Patel	86500	2.88
9.	Alpesh B. Patel	83000	2.77
10.	Atulesh Patel	60000	2.00
	Total	**1616000**	**53.87**

8) Top Ten shareholders as on 10 days prior to the date of filing of Letter of Offer with the stock exchanges.

Sr. No	Name	No. of shares	% of share capital
1.	Dutron Plastics Limited	2,31,900	7.74
2.	Rasesh H. Patel	2,24,000	7.47
3.	Nippon Polymers Limited	2,20,400	7.35
4.	Kirtikumar N. Patel	2,10,000	7.00
5.	Jagruti K. Patel	2,06,300	6.88
6	Kapilaben H. Patel	1,59,900	5.33
7.	Chandraprabha B. Patel	1,34,000	4.45
8.	Sudip B. Patel	86500	2.88
9.	Alpesh B. Patel	83000	2.77
10	Atulesh Patel	60000	2.00
	Total	**1616000**	**53.87**

9) Top Ten shareholders as on two years prior to the date of filling of the Letter Of Offer with the Stock Exchange

Sr. No.	Name of Shareholder	No. of shares	% of share capital
1.	Nippon Polymers Pvt. Ltd.	2,10,400	7.01
2.	Dutron Plastics Ltd.	2,02,700	6.76
3.	Jagruti K. Patel	2,00,000	6.67
4.	Kirtikumar N. Patel	2,00,000	6.67
5.	Rasesh H. Patel*	1,26,800	4.23
6.	Kapila H. Patel**	1,06,300	3.54
7.	Bipinchandra Patel	64,400	2.15
8.	Rasesh H. Patel***	60,800	2.03
9.	Chandraprabhaben Patel	47,200	1.57
10.	Kapila H. Patel****	43,600	1.45
	Total	**1262200**	**42.07**

* Mr. Rasesh H. Patel is holding 1,26,800 shares jointly with Mr. Hamukhlal Patel
** Mrs. Kapila H. Patel is holding 1,06,300 shares jointly with Mr. Rasesh Patel
*** Mr. Rasesh H. Patel is holding 60,800 shares jointly with Mrs. Kapila H. Patel
**** Mrs. Kapila H. Patel is holding 43,600 shares jointly with Mr. Hamukhlal Patel

10) The shareholding pattern of the Promoter Group and Directors is as detailed below:

Name of the Person	No. of shares shareholding	Percentage
A. Promoters		
(1) Rasesh H. Patel	224000	7.47
(2) Sudip B. Patel	86500	2.88
(3) Alpesh B. Patel	83000	2.77
Sub Total (A)	**393500**	**13.12**
B. Others		
(1) Relative of Promoters (both falling under Promoter Group and Person Acting in Concert)	956000	31.87
(2) Company in which 10% or more of the share capital is held by the promoter his immediate relative firm or HUF in which the promoter or his immediate relative is a member	452300	15.08
(3) Company in which the Company mentioned in (c) above holds 10% or more of the share capital	-	-
(4) HUF in which aggregate share of the promoter and his immediate relatives is equal or more than 10% of the total	7500	0.25
Sub Total (B)	**1415800**	**47.19**
Total (A+B)	**1809300**	**60.31**

(11) The aggregate number of shares of the Company purchased or sold by the Promoter/Promoter Group/Directors during the last 6 months are given hereunder;

Sr. No.	Name(s)	Name of the Seller	Whether Promoter / non-promoter	Nature of Transaction	Date of Transaction	No. of Shares	Price in Rs.
1	Dutron Plastics Ltd.	Dutron Telecom Pvt. Ltd.	Promoter Group	Off Market Purchase	25.03.2006	19200	32/-
2	Sejal Falgun Patel	Mohammed Hanif H. Karolia	Non-Promoter	Off Market Purchase	22.05.2006	1500	18/-
3	Rupal S. Patel	Babubhai Patel	Non-Promoter	Off Market Purchase	28.06.2006	300	20/-
4	Chandraprabha B. Patel	Bipinbhai Patel	Promoter	Transmission	29.06.2006	78500	Nil

Note for Transmission of Equity Shares:

The founder Promoter Mr. Bipinchandra T. Patel expired on 4th August 2005. He was holding 78,500 shares of the Company and the said shares were transmitted to Mrs. Chandraprabha Patel on 29.06.2006. Mr. Bipinchandra T. Patel ceased to be the Promoter as well the Director of the Company w.e.f. 4th August 2005.

12) Till date, the Company has not introduced any Employees Stock Option Scheme / Employee Stock Purchase Scheme.

13) The Equity Shareholders do not hold any warrant, option or convertible loan or any debenture, which would entitle them to acquire further Equity Share.

14) The terms of Issue to Non-Resident Equity Shareholders/ Applicants have been presented under the "Terms of the Issue" Section of this Letter of Offer.

15) At any given time, there shall be only one denomination of the Equity Shares. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

16) There have been no allotments in past which are for consideration other than cash except for 3,00,000 Equity Shares issued as bonus shares by the Company on 25th February, 1993 in the ratio of 3 (three) Equity Shares for every 1 (one) Equity Share held.

17) No further issue of capital by way of issue of bonus Equity Shares, preferential allotment, rights issue or public issue or in any other manner which will affect the capital of the Company, shall be made during the period commencing from the filing of the Letter of Offer with the SEBI till the Equity Shares issued under this Letter of Offer have been listed or application moneys are refunded on account of the failure of the Issue.

18) Further, presently the Company does not have any proposal, intention, negotiation or consideration to alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public Issue of Equity Shares or any other securities within a period of six months from the date of opening of the present Issue. However, if business needs of the Company so require, the Company may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities during the period of six months from the date of listing of the Equity Shares issued under this Letter of Offer or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required for such alteration.

19) The Company does not have any partly paid Equity Shares.

20) The promoters, directors and Lead Manager to the Issue have not paid any amount, whether direct or indirect and in cash or kind, in the nature of discount, commission, allowance or otherwise to any person.

21) All information shall be made available by the Lead Manager and the Issuer to the public and investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever including at road shows, presentations, research or sales reports etc.

22) The Promoters have confirmed vide their letter of intent dated 10th July 2006 that they intend to subscribe to the full extent of their entitlement in the Issue. Promoters intend to apply for additional Equity Shares in the Issue such that at least 90%

of the Issue Size is subscribed. As a result of this subscription and consequent allotment, the Promoters may acquire Equity Shares over and above their entitlement in the Issue, which may result in their shareholding in the Company being above their current shareholding.

This subscription and acquisition of additional Equity Shares by the Promoters, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. As such, other than meeting the requirements indicated in Objects of the Issue (refer "Particulars of the Issue"), there is no other intention / purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoters through this Issue, the Promoter shareholding in the Company exceeds their current shareholding.

The Promoters have given an undertaking that in case the Rights Issue of the Company is completed with their subscribing to Equity Shares over and above their entitlement and as a result, if the public shareholding in the Company after the Rights Issue falls below the "permissible minimum level" on the basis of which the securities of the Company continue to be listed, the promoters will make an offer for sale of their holdings so that the public shareholding is raised to the "permissible minimum level" within a period of 3 months from the date of allotment in the proposed Issue, as per the requirements of sub-clause 17.1 and 17.2 of SEBI (Delisting of Securities) Guidelines, 2003 or as per any amendment thereto or any other period as may be directed by SEBI or any appropriate authority.

23) The Company has not availed of any Bridge Loan to be repaid from the proceeds of the issue.

24) The Company has 1930 members as on 1st December , 2006

25) Shareholding pattern before and after the offer

Category Code	Category	Pre-Issue Shareholding		Post Issue Shareholding	
I	**CONTROLLING/STRATEGIC HOLDINGS**	**No. of Shares**	**%**	**No. of Shares**	**%**
A	**BASED IN INDIA**				
1	Indian Individuals/HUFs & Relatives	827400	27.58	1654800	27.58
2	Indian Corporate Bodies/ Trusts/ Partnerships	452300	15.08	904600	15.08
3	Persons Acting in Concert (also include Suppliers/ Customers)	99600	3.32	199200	3.32
4	Other Directors & Relatives (other than in 1 above)	0	0.00	0	0.00
5	Employee Welfare Trusts/ESOPs (already converted into shares but locked in)	0	0.00	0	0.00
6	Banks/Financial Institutions	0	0.00	0	0.00
7	Central/ State Govt.	0	0.00	0	0.00
8	Central/ State Govt. Institutions	0	0.00	0	0.00
9	Venture Funds/ Private Equity Funds	0	0.00	0	0.00
	Sub-Total (A)	**1379300**	**45.98**	**2758600**	**45.98**
B	**BASED OVERSEAS**				
10	Foreign Individuals (including FDI)	0	0.00	0	0.00
11	Foreign Corporate Bodies (including FDI)	0	0.00	0	0.00
12	Non Resident Indians (Individuals)	430000	14.33	860000	14.33
13	Non Resident Indian Corporate Bodies	0	0.00	0	0.00
	Sub-Total (B)	**430000**	**14.33**	**860000**	**14.33**

		No. of Shares	%	No. of Shares	%
C	**GDRs/ADRs/ ADSs**	0	0	0	0.00
	Sub-Total (C)	**0**	**0**	**0**	**0.00**
D	**OTHERS**	0	0	0	0.00
	Sub-Total (D)	**0**	**0**	**0**	**0.00**
E	**ANY OTHER SHARES LOCKED-IN** (except covered above)	0	0	0	0.00
	Sub-Total (E)	**0**	**0**	**0**	**0.00**
	Sub Total [I]	**1809300**	**60.31**	**3618600**	**60.31**
II	**FREE FLOAT**	**No. of Shares**	**%**	**No. of Shares**	**%**
A	**BASED IN INDIA**				
1	Indian Individuals/HUFs	992721	33.09	1985442	33.09
2	Indian Corporate Bodies/Trusts/Partnerships	32779	1.09	65558	1.09
3	Independent Directors & Relatives	18700	0.62	37400	0.62
4	Present Employees	0	0.00	0	0.00
5	Banks/Financial Institutions	0	0.00	0	0.00
6	Central/State Govt.	0	0.00	0	0.00
7	Central/ State Govt. Institutions	0	0.00	0	0.00
8	Insurance Companies	0	0.00	0	0.00
9	Mutual Funds	0	0.00	0	0.00
10	Venture Funds/ Private Equity Funds	0	0.00	0	0.00
11	Customers	0	0.00	0	0.00
12	Suppliers	0	0.00	0	0.00
	Sub-Total (A)	**1044200**	**34.81**	**2088400**	**34.81**
B	**BASED OVERSEAS**				
13	Foreign Individuals	0	0	0	0.00
14	Foreign Corporate Bodies	0	0	0	0.00
15	Foreign Institutional Investors (SEBI-registered)	0	0	0	0.00
16	Non Resident Indians (Individuals)	146500	4.88	293000	4.88
17	Non Resident Indian Corporate Bodies	0	0	0	0.00
	Sub-Total (B)	**146500**	**4.88**	**293000**	**4.88**
C	**GDRs/ADRs/ADSs**	0	0	0	0.00
	Sub-Total (C)	**0**	**0**	**0**	**0.00**
D	**OTHERS**	0	0	0	0.00
	Sub-Total (D)	0	0	0	0.00
	Sub-Total [II]	**1190700**	**39.69**	**2381400**	**36.69**
	Grand Total	**3000000**	**100.00**	**6000000**	**100.00**

	BROAD SUMMARY OF HOLDINGS	No. of Shares	Pre Issue % of Shareholding	No. of Shares	Post Issue % of Shareholding
	Total Controlling/ Strategic Holdings	1809300	60.31	3618600	60.31
	Total Free-float	1190700	39.69	2381400	39.69
	Grand Total	**3000000**	**100.00**	**6000000**	**100**
	SUMMARY OF DOMESTIC/FOREIGN HOLDINGS	**No. of Shares**	**Pre Issue % of Sharehol-ding**	**No. of Shares**	**Post Issue % of Sharehol-ding**
	Total Domestic Holding	2423500	80.78	4847000	80.78
	Total Foreign Holding	576500	19.22	1153000	19.22
	Grand Total	**3000000**	**100**	**6000000**	**100**

(**Note:** Post issue shareholding is based on the assumption that all shareholders will subscribe to their entire rights entitlement.)

26. Suspension of trading on the stock exchange

In terms of clause 42 of the Listing Agreement entered into between the Company and the BSE, the Company is required to give a notice of 42 days to the BSE regarding closure of books. The Company failed to comply with this requirement on 5 occasions during the years 1997, 1998, 2001, 2002 & 2003. As a result of non-compliance as above, BSE issued notices and imposed fine/ suspended trading in shares. However, the Company has taken the necessary actions on the respective occasions to rectify the default. The relevant particulars are given in the table below.

Sr. No.	Name of Exchange	No. of days (Dates) for which trading was suspended	Details of Exchange's Letter	Action Taken by the Company
1	BSE	06/10/1997 To 07/11/1997(33 days)	Letter No. MOD/SUSP/96-97 Dated 30/09/1997	The Company vide its letter dated 15.11.1997 paid a penalty of 0.001% of the paid up shares capital of the Company from 06.10.1997 to 07.11.1997 (both days inclusive) and also complied with all procedures for lifting of suspension.
2	BSE	31/08/1998 To 04/09/1998 (5 days)	Letter No. MOD/SUSP/UT/ 98-99 Dated 27/08/1998	The Company vide its letter no. DPL/ ANA/488/98 dated 27/08/1998 paid a penalty of 0.001% of the paid up shares capital of the Company from 31.08.1998 to 04.09.1998 (both days inclusive) and also complied with all procedures for lifting of suspension.
3	BSE	Not suspended	Letter No. CRD/WR/HH/ 2002/17437/10 Dated 05.01.2002	The Company replied to the BSE vide its letter no. DPL/DIV/2002/F/ 795 dated January 11, 2002 to the satisfaction of the Exchange.
4	BSE	23/09/2002 To 25/09 /2002(3 days)	Letter No. CRD/SUSP/2002/4 Dated 05.09.2002	The script was suspended for days & the suspension was lifted automatically.
5	BSE	Not suspended	Letter No. CRD/SC/BN/2004/ 517437/1 Dated 07/10/2003	The Company replied to the BSE vide its letter no. DPL/DIV/2003/F/ 325 to the satisfaction of the Exchange.

As on the date of filing of this Offer Document, there is no compliance pending in respect of clause 42 referred to above.

27. Delayed compliance with SEBI (SAST) Regulations:

The Company has failed to comply in time with the provisions of Regulations 6(2) and 6(4) of Chapter II of SEBI (SAST) Regulations for the year 1997 and Regulation 8(3) of the said Regulation for the years 1998, 2000-03 & 2005-06.

The Company had received a notice from the BSE vide its Letter No. LIST/SG/CAS/TAKEOVER_REGU./2004/4768 dated 27th January, 2004 for non-compliance of SEBI (SAST) Regulations under Regulations 6(2) and 6(4) for the year 1997 and Regulation 8(3) for the years 1998, 2000, 2001, 2002 & 2003.

The Company had filed necessary disclosures as on 31st March for each year on 6th April, 2004. In respect of the record dates (10.09.1998, 17.08.2000, 26.09.2001, 28.09.2002, 27.09.2003 respectively) for declarations of dividend, the necessary disclosures have also been filed on April 6, 2004.

The filings for the subsequent years, i.e., 2004, 2005 and 2006 were made on 5th April, 2004, 7th October, 2004 (for dividend), 5th May, 2005, 7th October, 2005 (for dividend) and 20th July, 2006.

The delayed compliance made by the company as mentioned above, may expose the company to penal action under SEBI (SAST) Regulation and Securities And Exchange Board of India Act, 1992 which may include criminal prosecution, monetary penalty, cease and desist order, adjudication proceedings etc. However, no such action has been initiated against the Company till this date.

VI OBJECTS OF THE ISSUE

The objects of this Rights Issue are:

To finance

a. construction of additional building for storage facility for Raw Materials and Finished Goods

b. modernization and upgradation of existing plant and machineries and Expansion of existing facilities.

c. part repayment of the unsecured loans of the Promoters, Directors, and the relatives & friends of the Promoters and Directors.

d. to meet the Rights Issue expenses.

COST OF THE PROJECT

Our Company, since inception has been engaged in the manufacture of HDPE pipes and subsequently entered into manufacturing of PVC pipes also. The installed capacity has progressively increased to 2,970 TPA for HDPE pipes and 6,000 TPA for PVC pipes. With the popularity of the PVC pipes and its growing demand, our Company thought about the change in product mix and hence eventually increased the installed capacity for the production of PVC pipes from 1500 TPA to 6000 TPA in 2004-05.

Although the Company is performing well in terms of its production in both HDPE pipes and PVC pipes, it is facing bottlenecks in respect of certain plant & machinery on account of age old and inefficient technology. Hence, it is unable to optimize its production capacity and compete with other Industry players, who have higher production capacity utilization with lower cost of production.

Therefore, our Company has now planned to expand the installed capacity by purchasing the latest plant & machinery with modern technology so as to increase the productivity, reduce the cost of production, optimize the use of existing backward and forward process machinery and increasing the capacity of its plant. The Company has also planned to modernize some of its existing machineries so as to increase the productivity, reduce the waste and improve overall profitability. Accordingly, expansion and modernization of our capacity would lead to increase in the installed capacity of HDPE pipes from 2,970 TPA to 9,410 TPA and that of PVC pipes from 6,000 TPA to 10,500 TPA.

On account of increase in the installed capacity through proposed expansion and modernization, the requirement of space for raw material and finished goods storage would increase and accordingly, our Company has proposed to expand the raw material and finished goods buildings so as to accommodate increased volume.

Accordingly, our Company has finalized the cost of project as under:

Sr. No.	Particulars	Rs. In Lakhs	Percentage (%)
(a)	Extension of existing Building	56.00	9.33
(b)	Plant & Machinery including Moulds	314.47	52.41
(c)	Misc. Fixed Assets	23.00	3.83
(d)	Additional Working Capital Requirements	38.64	6.44
(e)	Repayment of Unsecured Loans taken from Promoters, Directors and Shareholders falling within the promoter group	142.89	23.82
(f)	Issue expenses	25.00	4.17
	TOTAL	**600.00**	**100.00**

MEANS OF FINANCE

Particulars	Rs. In Lakhs	Percentage (%)
Proceeds of the present Rights Issue	600.00	100.00
TOTAL	**600.00**	**100.00**

Break up of the Cost of Project

a) Extension of the existing building

Our company has its plant located at Block No. 642, N.H.-8, Hariyala Village, Taluka-Matar, District-Kheda measuring 20135 square meters. Due to the nature and size of the HDPE and PVC products, these products require huge storage space. The existing storage space will not be adequate on completion of the proposed expansion and modernization of our production facility. Hence, our Company proposes to build additional Godown for Raw material with an area of 456 square meters and additional Godown for finished goods with an area of 450 square meters. The total cost for the extension of the existing building is estimated at Rs. 56 lakhs by M/s. B. R. Patel Associates, Consulting Engineers, as per the estimates given below.

Particulars	**Cost (Rs. In lakhs)**
Providing steel stanchion and EOT girder with all necessary foundation and restrengthening of the structure of Finished Goods Godown (36m x 6 m) in main plant building	6.25
Construction of Shed for Raw materials, with RCC column & steel, rafter and purlins including roofing, flooring and Brick masonry wall with plaster for Raw material Godown Building (47m x 9.5m x 7.5m ht)	19.60
Construction of open Shed for finished goods godown for PVC products with RCC column, including flooring, roofing and Precoated sheeting as ladding (30m x 15m x 6m ht)	29.25
Contingencies	0.90
Total	**56.00**

b) Plant & Machinery

At present, our Company has 3 extruders of Windsor and Kabra make. The installed capacity of existing extruders is 2970 TPA for HDPE pipes and 6000 TPA for PVC pipes for different diameters and gauge. The technologies of these extruders have become obsolete and new technology extruders have been introduced in the industry, which facilitates reduction in the cost of production and higher productivity and improved quality.

Therefore, our Company proposes to increase its installed capacity by modernizing the existing plants & machineries and purchasing new extruders for expansion of existing capacity from 2970 MT to 9410 MT for HDPE and from 6000 MT to 10,500 MT for PVC pipes. Our Company has obtained the quotations for Extruders with accessories like die head PO 630/1000 with trolly, Vacuum Calibrator and Haul Off, Rigid PVC pipe plant along with all its accessories, Air cooled compact water chillers, welding machines, etc. from reputed suppliers like Kabra, Windsor and others. Further, while estimating the cost of plant & machineries, our Company has also taken into account excise duty, sales tax, freight, packing charges, insurance, installation and erection, etc. Accordingly, it has estimated cost of plant and machineries at Rs. 314.47 Lakhs, the details of which are given as under:

(Rs. In lakhs)

	Name of Machine	**Name of manufacturer/ Supplier**	**Estimate cost**	**Date of Quotation**
1.	**Extruder, Die Head and other accessories** -90 MM Single Screw Extruder with 200KW DC Main motor, Die Head, Vacuum Calibrator, Haul Off and other accessories.	Kabra Extrusiontechnik Ltd.	131.23	Dt.03/03/06
2.	**RPVC PIPE PLANT** -RPVC Pipe Plant Model KTS-700/400V	Windsor Machines Limited	122.68	Ref. No. CSO/ KTS700400 C/2005 Dt 20/02/06
3.	**Water Chillers** -Air Cooled Compact water Chiller, Model WECO 100L (28 TR) Central Design for inside installation	Prasad GWK Cooltech Pvt. Ltd.	13.06	Ref. No.: PGCPL/ J/16433/2006 Dt 10/03/06

Name of Machine	Name of manufacturer/ Supplier	Estimate cost	Date of Quotation
4. **Welding Machines** -PT-630 mm welding machines, PT-315 mm welding machines & LDU with printer.	ITS Tecnodue India Private Limited.	17.79	Ref. No.:0012/06 Dt. 07/03/06
5. **Installation and other expenses including contingencies**	–	29.71	–
TOTAL		**314.47**	

Note: All the Machineries are new.

The Company has received the quotations as mentioned above for all the machinery, which it intends to purchase. No secondhand machinery has been procured or is proposed to be bought for this project. However, company has not yet placed any orders for the above machineries.

c) Misc. Fixed Assets

Our company would require Misc. Fixed Assets such as electrical equipments and installation charges (Rs. 15 lakhs), Computer Systems (Rs. 2 lakhs), Furniture and Fixtures (Rs. 3 lakhs) and Laboratory Equipments (Rs. 3 lakhs), etc. on account of increase in the capacity. Accordingly, Rs. 23 lakhs has been provided in the cost of the project.

d) Working capital requirement

(Rs. In Lakhs)

Particulars	Actual	Projected
	March 31, 2006	**March 31, 2007**
Inventories	306.89	599.75
Receivables	754.15	594.44
Loans & Advances	152.19	74.00
Other Current Assets	4.77	133.30
Total Current Assets	**1213.23**	**1268.19**
Less: Creditors	26.02	92.51
Other Current Liabilities	139.51	78.77
Total Current Liabilities excluding Bank Borrowings	**165.53**	**171.28**
Working Capital Gap	**1047.70**	**1096.91**
Less: Bank Borrowings	39.43	50.00
Net Working Capital Gap (NWCG)	1008.27	1046.91
Additional working capital requirement		**38.64**

Our Company proposes to utilize Rs. 38.64 lakhs out of the Rights Issue during the year 2006-07 which would help the Company in meeting the working capital requirement to achieve the projected turnover and profits.

e) Repayment of Unsecured Loans taken from Promoters, Directors and Shareholders falling within the promoter group

Our Company has proposed to repay part of unsecured loans taken from Promoters, Directors and shareholders falling within the promoter group to the extent of Rs. 142.89 lakhs being 23.82% of the Total Rights Issue Size. The details of outstanding unsecured loans and their proposed repayment as on 30th November 2006 are given hereunder:

(Rs. In Lakhs)

Sr. No.	Name of the Depositors	Outstanding Amount of unsecured loans as on 30/11/06	Percentage as to Total Outstanding Loan	Proposed amount of repayment	Percentage of proposed repayment to Issue Size
	Promoters:				
1	Mr. Sudip B. Patel	234.03	28.38%	40.55	6.76%
2	Mr. Alpesh B. Patel	175.16	21.24%	30.35	5.06%
3	Mr. Rasesh H. Patel	213.68	25.91%	37.02	6.17%
	Shareholders:				
4	Mrs. Chandraprabha B. Patel	70.67	8.57%	12.25	2.04%
5	Mrs. Kapilaben H. Patel	131.15	15.90%	22.72	3.79%
	Total	**824.69**	**100.00%**	**142.89**	**23.82%**

f) Issue Expenses

The expenses of the Issue to be borne by the Company are estimated to be around Rs. 25 lakhs (4.17% of the issue size) as under:

(Rs. in Lakhs)

Sr. No.	Particulars	Amount (Rs. in Lakhs)	% of total issue expenses	% of total issue size
1	Lead Manager Fees	10.00	40%	1.67 %
2	Registrar Fees	1.00	4%	0.17 %
3	Printing and Statutory Advertisement Cost	10.00	40%	1.67 %
4	Bank and other charges	4.00	16%	0.66 %
	Total	**25.00**	**100.00**	**4.17%**

All the expenses for the Rights Issue will be borne out of its proceeds.

APPRAISAL

The objects or requirements of the Rights Issue for which the funds are being raised have not been appraised by any bank or financial institutions.

SCHEDULED PLAN OF IMPLEMENTATION

Particulars	Start Date	Completion Date
Civil work-Construction of building	February, 2007	March, 2007
Placing of orders for machinery, electrical fittings, computers etc. (Including Payment of advances as per the terms of suppliers)	February, 2007	February, 2007
Application for power supply to GEB	February, 2007	February, 2007
Installation of Plant and machinery, electrical fittings, computers, etc.	March, 2007	April, 2007
Production	May, 2007	---

Repayment of Loans

The Company has taken unsecured loans from the Promoters, Directors and Shareholders falling within the promoter group from time to time to augment working capital requirements of the Company. The outstanding amount as on 30th November, 2006 was Rs. 824.69 Lakhs. The rate of interest on such loans is 9% simple interest p.a. The Company proposes to repay part of the unsecured loans amounting to Rs. 142.89 Lakhs being 23.82% of the Issue size out of the proceeds of the proposed Rights Issue to reduce the interest cost and thereby improving profitability.

Funds Deployed

The Company has so far not incurred any expenditure on the project. However, the Company has incurred expenses to the extent of Rs. 11,91,184/- till 30th November 2006 for the purposes of the Rights Issue as per the Certificate of Statutory Auditors, M/s. Baheti Bhadada & Associates, Chartered Accountants, Ahmedabad dated 3rd December 2006 which is met out of the internal accruals of the Company.

Interim use of Funds

The proceeds of the Rights Issue, pending utilization for the purposes described above, would be temporarily invested in high quality interest bearing liquid instruments including deposits with banks for necessary duration.

VII BASIC TERMS OF THE ISSUE

Face Value	Each Equity Share shall have the face value of Rs. 10/- each.
Issue Price	Each Equity Share is being offered at a price of Rs. 20/- (Including a premium of Rs. 10/-)
Entitlement Ratio	The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the company in the ratio of 1 (One) Equity Share for every 1(One) Equity Share held as on the record date 20th December, 2006.
Market Lot	The market lot for the Equity Share is 1. In case of physical certificates, the Company would issue one share certificate to a single Shareholder.
Terms of Payment	100% of the issue price i.e. Rs. 20/- shall be payable on Application.
Ranking of the Equity Shares	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including dividends with the existing Equity Shares of the Company.

VIII BASIS FOR ISSUE PRICE

Qualitative Factors

" Engaged in manufacturing of HDPE and PVC pipes for the last 25 years.

" The Promoters of the Company are second-generation entrepreneurs having requisite qualification and experience of more than 15 years in this line of business.

" Technology collaboration agreement with WAVIN of Netherlands who are largest plastic pipe processors in Europe. As per the terms of the agreement Wavin shall make available to our Company such information, assistance, training and demonstration as shall be in Wavin's opinion required by our Company and shall also know how relating to management systems, product know how, production technology, supplementary technology and research facilities to our Company. The agreement is scheduled to expire on 31st January 2007. However, thereafter, the agreement is renewable.

" Awarded ISO 9001:2000 by American Bureau of Shipping (ABS) Quality Evaluations, Inc. which is accredited by ANSI-ASQ National Accreditation Board (ANAB) and is valid up to 7th July 2008.

" Nation wide network of 82 Dealers located at strategic location for marketing its products.

Quantitative Factors

1. Adjusted Earning Per share

Year	EPS (Rs.)	Weight
(a) 2003-2004	2.15	1
(b) 2004-2005	2.59	2
(c) 2005-2006	2.00	3
(d) Weighted Average EPS	2.22	

2. Price/Earning Ratio (P/E) in relation to issue price of Rs. 20 per share

	(Rs.)
(a) Based on 2005-06 EPS	10
(b) Based on Weighted Average EPS	9.00

Industry P/E ratio:

i. Highest 61.00

ii. Lowest 2.40

iii. Industry Composite 20.70

Comparison of key ratios with the Company of comparable size in the same Industry Group

Sr. No.	Company Name	Turnover (Rs. In Crores)	B.V. (Rs.)	RONW	EPS	P/E
1	Supreme Ind.	982.10	71.40	12.80%	8.60	21.30
2	Finolex Industries	743.30	175.30	8.70%	13.80	21.40
3	Jain Irrigation	1037.30	45.00	18.60%	7.60	28.00
4	Issuer Company					
5	**Dutron Polymers Ltd.**	**23.57**	**18.64**	**10.75%**	**2.00**	**13.00**

(Source: Capital Market December 04, 2006 - Plastics Products)

3. Return on Net worth

Year	RONW (%)	Weight
(a) 2003-2004	13.02	1
(b) 2004-2005	14.56	2
(c) 2005-2006	10.75	3
(d) Weighted Average RONW	12.40	

4. Minimum Return on Increased Net Worth required to maintain pre-issue EPS of Rs. 2.14 is 10.37%.

5. Net Asset Value

(a) As on 30th September, 2006	19.54
(b) After issue	19.32
(c) Issue Price	20

The issue price of Rs. 20 per share is 2 times the face value of Rs. 10/- per share of the Equity Shares being issued. The minimum return on net worth required to maintain pre-issue EPS of Rs. 2.00 is 10.37% whereas the Company has already earned RONW of 14.56% for the period ended 31/3/2005 and 10.75% for the period ended 31/3/2006. The offer price of Rs. 20 is 10 times the pre-issue EPS, which is lower than the industry composite P/E multiple 20.70 in the industry in which the Company operates. The Offer Price of Rs. 20 per equity share is at a 22.18% discount to the present market price of Rs. 25.70 per share of the Company. (Taking into account the market price of equity share of the Company as at the close of the market as on December 15, 2006.)

In view of the reasons mentioned above, our Company and the Lead Manager to the issue, in consultation with whom the Price has been decided, are of the opinion that the Issue Price is reasonable and justified.

The face value of the Equity Share is Rs. 10/- per equity share and the Issue Price of Rs. 20 per Share is 2 times of the face value.

IX TAX BENEFITS

The Company is expected to get the following tax benefits according to the report dated 10.07.2006 submitted by its statutory auditor and reported hereunder.

Statutory Auditor's Letter

July 10, 2006

To,
The Board of Directors,
Dutron Polymers Ltd.
"Dutron House",
Nr. Mithakhali Under Bridge,
Navrangpura,
Ahmedabad - 380 009

Sub : Tax Benefits available under the Rights Issue of the Company

We have been asked by the Company vide their letter dated June 15, 2006 to advise the tax benefits which would be available to the Company and the shareholders of the Company under the current direct tax laws.

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives they face in the future, they may not choose to fulfill.

The following tax benefits shall be available to the Company and the Shareholders under Direct Tax.

1. To the Company

   There is no additional benefit arising to the Company under the Income-tax Act, 1961, by issue of Right Equity Shares to the existing Shareholders.

2. To the Members of the Company

   (i) Under the Income-tax Act, 1961 (the "IT Act")

   Resident Members

   - Under Section 10 (34) of the IT Act income earned by way of dividend from domestic company referred to in Section 115O of the Income Tax Act is exempt from income tax in the hands of the shareholders.
   - Under Section 10 (38) of the IT Act, long term capital gain arising to the shareholder from the transfer of a long term capital asset, being an equity share in the company or unit of an equity oriented Mutual fund (i.e. capital asset held for the period of twelve months or more) entered into in a recognised stock exchange in India after the notified date, is exempt.
   - In accordance with Section 10 (23D) of the IT Act, all mutual funds set up by Public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India subject to the conditions specified therein are eligible for exemption from Income Tax on their entire income, including income from investment in the shares of the company.

   Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under the section 10 (38) of the Act] arising from the transfer of shares of the company will be exempt from capital gains tax if the capital gain is invested within a period of 6 months from the date of transfer in the bonds issued by-

   – National Highway Authority of India

   – Rural Electrification Corporation Ltd.

   If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

   - Under Section 54ED of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10 (38) of the Act] arising on the transfer of shares of the Company, will be exempt from capital gains tax if the capital gain is invested in equity shares of Indian Public Company, forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition

- Under Section 54F of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under Section 10 (38) of the Act] arising to an individual or Hindu Undivided Family (HUF), on transfer of shares of the company, will be exempt from capital gains tax, subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under Section 111A of the IT Act, capital gains arising to a shareholder from transfer of short term capital assets, being an equity share in a company or unit of an equity oriented Mutual Fund, entered into in a recognized stock exchange in India [after the date of coming into force of Chapter VII of the Finance (No.2) Bill, 2004] will be subject to tax at the rate of 10% (plus applicable surcharge and educational cess on income tax).
- Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains [not covered under section 10 (38) of the Act] arising on transfer of shares in the Company, if shares are held for a period of exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income tax) without indexation, at the option of the Shareholders.

Non Resident Indians/ Members other than FIIs and Foreign Venture Capital Investors

- By virtue of Section 10 (34) of the IT Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Income Tax Act, is exempt from tax in the hands of the recipients.

Tax on income from investment and long Term Capital Gains:

- A Non Resident Indian (i.e. individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Act, viz., "Special Provisions Relating to certain income of Non-Residents".
- Under section 115E of the IT Act, where shares in a company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to such Non Resident Indian on transfer of shares held for a period of exceeding 12 months shall [in case not covered under Section 10 (38) of the I.T Act] be concessionally taxed at a flat rate of 10% (plus applicable surcharge and educational cess on income tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the IT Act.

- Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases.

  Under provisions of Section 115F of the IT Act, long term capital gains not covered under section 10 (38) of the Act arising to a Non Resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- Return of Income not to be filed in certain cases

  Under provisions of Section 115G of the IT Act, it shall not be necessary for a Non Resident Indian to furnish his return of income if his only source of income is investment or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.

Other Provisions

- Under Section 115-I of the IT Act, a Non Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under Section 139 of the IT Act declaring therein that the provision of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the IT Act shall apply.
- Under the first proviso to section 48 of the IT Act, in case of a Non Resident Indian, in computing the capital gains arising from transfer of share of a company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency, in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under Section 54EC of the IT Act and subject to the extent specified therein, long term capital gains [not covered

under Section 10 (38) of the Act], arising from the transfer of shares of the company, will be exempt from capital gains tax if the capital gains are invested within a period of 6 months from the date of transfer, in the bonds issued by-

- National Highway Authority of India
- Rural Electrification Corporation Ltd.

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54ED of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10 (38) of the Act] arising on the transfer of shares of the company, will be exempt from capital gains tax if the capital gain is invested in equity shares of Indian public company, forming part of an eligible public issue, within a period of 6 months after the date of such transfer. If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within one year from the date of their acquisition.
- Under Section 54F of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under Section 10 (38) of the IT Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of a company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential property within a period of one year before or two years after the date on which transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains [not covered under Section 10 (38) of the IT Act] arising from the transfer of shares in a company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48 of the IT Act. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge and the education cess on income tax) without indexation at the option of assessee.
- Under Section 11A of the IT Act, capital gains arising to a shareholder from the transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented mutual fund, entered into in a recognized stock exchange in India [after the date of coming into force of Chapter VII of Finance (No.2) Bill, 2004] will be subject to tax at the rate of 10% (plus applicable surcharge and the education cess on income tax).

Foreign Institutional Investors (FIIs)

- By virtue of Section 10 (34) of the IT Act, income earned by way of dividend income from another domestic company referred to in section 115O of the IT Act, are exempt from tax in the hands of the institutional investor.
- The income realized by FIIs on sale of shares in the company by way of short term capital gains referred to in Section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge and educational cess on income tax) as per Section 115AD of the IT Act.
- The income by way of short term capital gains (not referred to in section 111A of the IT Act) or long term capital gains [not covered under Section 10 (38) of the IT Act] realized by the FIIs on sale of shares in the company would be taxed at the following rates as per Section 115AD of the IT Act.
  - Short term capital gains - 30% (plus applicable surcharge and educational cess on income tax)
  - Long term capital gains - 10% (without cost indexation plus applicable surcharge and education cess on income tax) [shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months]
- Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long term capital gains [not covered under Section 10 (38) of the IT Act] arising from the transfer of shares of the company, will be exempt from capital gains tax, if the capital gains are invested within a period of 6 months after the date of such transfer for a period of 3 years in the bonds issued by-

- National Highway Authority of India
- Rural Electricity Board

- Under Section 54ED of the IT Act and subject to the conditions and to the extent specified therein, long term capital gain [not covered under Section 10 (38) of the IT Act] on the transfer of shares of the company, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer for one year.

Venture Capital Companies/ Funds

In terms of Section 10 (23FB) of the IT Act and subject to the conditions specified therein, all Venture Capital undertakings, referred to in Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Office Gazette, and Venture Capital Companies, are eligible for exemption from income tax on all their income, including income from dividend.

Infrastructure Capital Companies /Funds or Co-operative Bank

In accordance with and subject to the conditions specified in Section 10 (23G) of the IT Act income from specified investment made to a power sector company by an infrastructure capital fund or infrastructure capital company or co-operative bank on or after the first day of June, 1998 is exempt from levy of income tax.

However, the aforesaid income would be subjected to Minimum Alternative Tax under Section 115JB of the IT Act.

(ii) Under the Wealth Tax Act, 1957

Shares of the company held by the shareholder will not be treated as an asset within the meaning of Section 2 (ea) of Wealth Tax Act hence the value thereof is not includible in the net wealth chargeable to Wealth Tax.

(iii) Under the Gift tax Act, 1957

Gift of shares of the company made on or after October 1, 1998, is not liable to tax.

Notes:

- All the above benefits are as per the current tax laws and will be available only to the sole/ first named holder in case the shares are held by joint holders.
- In respect of Non-Residents, tax liability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the Non-Resident has fiscal domicile.
- In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax adviser with respect to the specific tax consequence of his/ her participation in the Rights Issue.

Thanking You,

Yours faithfully,

M/s. Baheti Bhadada & Associates
Chartered Accountants

B.K. Baheti
Partner
Membership Number 70818

D. ABOUT THE ISSUER COMPANY

The information presented in this section has been extracted from publicly available documents, which have not been prepared or independently verified by the Company, the Lead Manager or any of their respective affiliates or advisors or the sources referred to herein. In this Section, we have relied on and referred to information regarding the industry and competitors from market research reports, other publicly available sources and information provided by the Company. Although we believe that this information is reliable, we have not independently verified the accuracy and completeness of the information.

I. OVERVIEW OF INDIAN POLYMER PIPE INDUSTRY

Pipes made from Polyethylene (PE) is a cost effective answer for a number of piping problems in Metropolitan, Municipal, Industrial, Underwater, Mining, Landfill Gas extraction, Cable duct and agricultural applications. It has been tested and proven effective for underground, above ground, surface, under water as well as floating pipe applications.

Polyethylene pipes both High Density (HDPE) and Medium Density (MDPE) can carry potable water, wastewater, slurries, chemicals, hazardous wastes, cables and compressed gases as well as oils. Polyethylene pipes have a long and successful record of service to the gas oil, mining and water utility industries. PE pipes have the lowest repair frequency per Kilometer of pipe per year compared to all other pipe materials used for urban water and gas distribution.

GLOBAL HDPE AND PVC INDUSTRY

With the invention of Poly Ethylene and PVC pipes and its advantages over conventional metal pipes made from various types of metals, the use of polyethylene and PVC pipes has completely changed the scenario in the pipe industry. Poly ethylene and PVC pipes are so convenient to use and their advantages over the metal pipes and above all the lower cost of the pipes has enabled the users to switch over from metal pipes to PE/PVC pipes. Therefore, the consumption of the PE/PVC pipes has been increasing at a CAGR of 4%. (Source: www.plastemart.com)

The global demand of plastic pipes is expected to grow at 4% p.a. until 2007. According to Freedonia, plastics pipe sector continues to capture an increasing market share from conventional piping material. (Source: The New World Plastic Pipe report)

Not only do plastic pipes offer the advantage of non-corrosion as compared to metal pipes, but they also help in meeting the increasing demands of health standards. Limiting metal content in potable water enhances the opportunity for replacing metal pipes with their plastics counterparts. In the last decade, some countries like Germany have seen copper pipes for potable water losing out their share to plastics pipes. The new regulations also show a shift in the preferred polymeric material as well as additives used in the manufacture of plastic pipes.

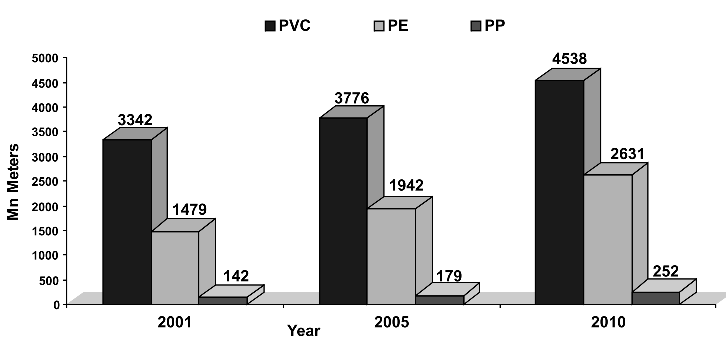
PE pipes are finding an increasing application in potable water segment, growing at the expense of PVC pipes. Even in PVC pipes, lead stabilizer is being replaced by other types of heat stabilizers to ensure that the permissible limit of lead in PVC pipes gradually reduces from the existing 0.025 mg/l to less than 0.010mg/l. The European Commission has fixed 2013 as the dead-line to achieve the limit of 0.010mg/l of lead.

As expected, the Asian region, particularly China, is expected to grow fastest at about 8%. North America, Europe and Japan are expected to be either stagnant or show a growth of barely 2%. Growth in Europe will be determined by the level of progress of the geographic location. Eastern Europe as well as South Europe would have better growth opportunities while North Europe would remain stagnant. The growth of PE pipes is expected to be better than PVC in Europe, while PVC will continue to grow in the Asian region. Besides PVC, PE pipes would also gain in Asia. PE 100 is expected to grow faster compared to the lower pressure rating PE pipe.

The market of bigger sized plastics pipes is likely to grow faster as metal increasingly finds replacement in the pressure pipe sector. Plastic pipes with an estimated global demand of about 13 million tons is definitely gaining more than 45% share of the total pipe industry.

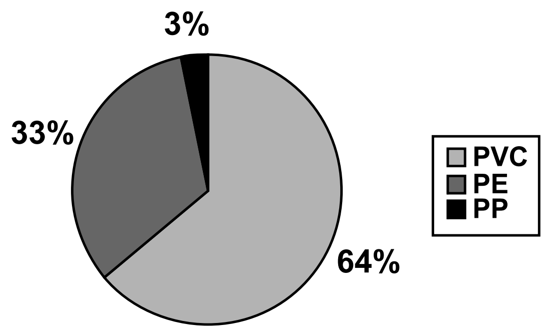
The consumption of the various types of plastic pipes and the market share of each of PVC, PE and PP pipes within the plastic pipe on global level is substantiated by the following graphical presentation:

Global Plastics Pipes Market

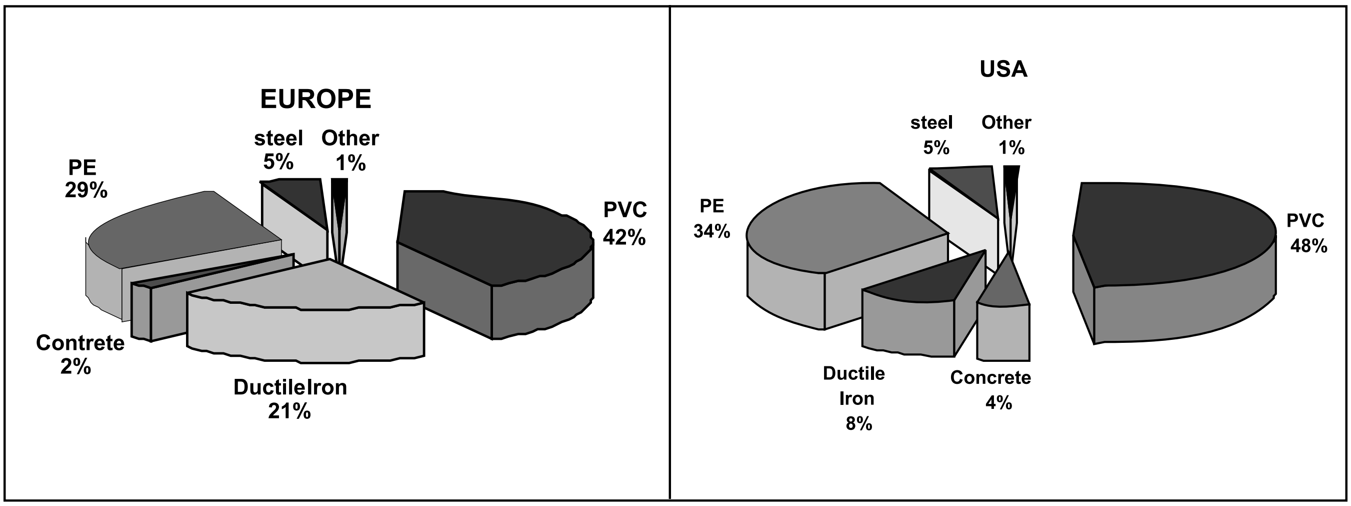


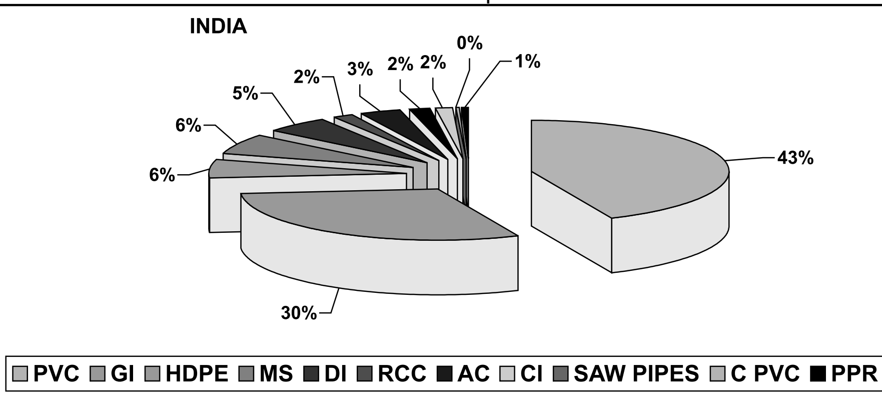
Among the total market share of plastic pipes, the market share of PVC is the highest at 64% and that of PE pipes is 33% as mentioned below.

Global Market Share of Plastic Pipes



The consumption of Plastic pipes world over has been witnessing continuous growth and slowly and surely replacing the metal and other pipes. The consumption of various types of pipes during the year 2005 in Europe, USA and India is given below:





It is observed from above that in the developed countries like Europe and USA and developing country like India, the consumption of PE/PVC pipes has been increasing and almost 75% of the total piping requirement in the various user applications are met by PE/PVC.

INDIAN HDPE AND PVC INDUSTRY

India is developing infrastructure countrywide in many different areas, definitely providing a great opportunity for building and construction industry. Housing activity in the last few years has picked up mainly due to easy availability of low cost finance. Both these sectors open up opportunities for the plastics industry.

On account of inflexibility and rigidness, High Density Poly Ethylene (HDPE) has been well accepted in effluent treatment and industrial uses. The production and consumption of HDPE pipes have shown positive trend during the last 10 years. The production of HDPE has increased at a CAGR of more than 17% and the consumption of HDPE has increased at a CAGR of more than 7% during the last 10 years in India.

(Qty in Tons)

Year	Production	Imports	Total Supply	Exports	Consumption
Mar-96	203418	176100.7	379518.7	1183.89	378334.81
Mar-97	272072	197888.39	469960.39	2637.13	467323.26
Mar-98	362377	151021.91	513398.91	3294.09	510104.83
Mar-99	391237	182505.51	573742.51	2445.36	571297.15
Mar-00	391114	130169.89	521283.89	15770.71	505513.18
Mar-01	325418	45770.34	371188.34	23620.09	347568.25
Mar-02	647485	68111.62	715596.61	54793.42	660803.19
Mar-03	970201	98980.1	1069181.1	175750.28	893430.82
Mar-04	958074	97599.34	1055673.34	223985.88	831687.46
Mar-05	998972	68135.69	1067107.69	315826.14	751281.55

(Source: Centre for Monitoring of Indian Economy)

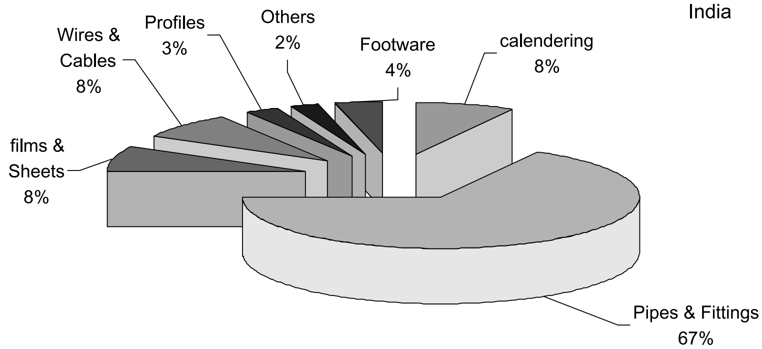
Development of cultivation and increased acreage for agriculture requires plastic pipes for water distribution. Among plastics, PVC is the polymer that has many applications in agriculture, building and other infrastructure activities. PVC therefore has good growth opportunities. On account of its accepted usage in India, the production of PVC has been growing at a CAGR of more than 9% and consumption has increased at more than 9.5% during the last 10 financial years.

(Qty in Tons)

Year	Production	Imports	Supply	Exports	Consumption
Mar-96	392484	44882.72	437366.72	22030.41	415336.31
Mar-97	430456	43876.25	474332.25	22311.54	452020.7
Mar-98	549199	26967.93	576166.93	34293.04	541873.89
Mar-99	588497	25585.89	614082.89	22107.7	591975.19
Mar-00	768700	23723.15	792423.15	24637.44	767785.71
Mar-01	821463	12179.05	833642.05	51443.54	782198.51
Mar-02	922715	33531.35	956246.35	12144.46	944101.9
Mar-03	901866	61829.73	963695.73	5171.84	958523.89
Mar-04	945830	118174.3	1064004.3	17791.35	1046212.95
Mar-05	948768	98955.78	1047723.78	23094.52	1024629.26

(Source: Centre for Monitoring of Indian Economy)

Sector Wise Consumption of PVC in India during 2005-06:



Pipes & Fittings constitute the major consumption of PVC in India, which indicates that pipes & fittings made from PVC have greater acceptability in various uses such as Water Supply, Agriculture purposes, Sewerage, Gas supply, Chemical Transportation, etc. In India, there are more than 2000 big/small size processors that are operating in organized as well as unorganized market with total installed capacity of about 1400 KT.

Sub Sector Wise Utilization of PVC Pipes in India

(Figures in Mn Tons)

Sub Sectors	**2005-06**	**2009-10**	**CAGR**
Water Supply	221	479	19
Irrigation	270	563	19
Sewerage	4	20	58
Casing Pipes	38	50	7
Plumbing Pipes	22	46	19
SWR	45	94	18
Column Pipes	32	67	17
Riser Pipes	32	67	449
Electrical Conduits	26	51	16
Flexible pipes	12	25	23
Others	13	27	20
	684	**1426**	**18**

PVC requires compounding for all its applications hence PVC end products are always greater in tonnage as compared to the polymer consumption.

Pipes are made from various composites like Poly Vinyl Chloride (PVC), GI, HDPE, MS, DI, AC, CI, SW, CPVC, PP, etc. The consumption of different types of pipes in India can be understood from the chart as shown below:

Pipe Sector - Growth Expected in 2009 **(Million Tons)**

MoC	**2005-06**	**%Share**	**2009-10**	**% Share**
PVC	3952	43%	5897	49%
GI	2770	30%	2944	24%
HDPE	529	6%	882	7%
MS	582	6%	606	5%
DI	479	5%	708	6%
RCC	153	2%	169	1%
AC	298	3%	403	3%
CI	139	2%	175	1%
S'ware	134	1%	184	2%
C PVC	28.5	0%	46.2	0%
PP -R	50	1%	123.3	1%
TOTAL	**9115**	**100%**	**12138**	**100%**

The consumption of PVC pipes in India is expected to grow by 10.53% and that of HDPE pipes by 13.65% in the coming years. On account of its widely accepted uses in Agriculture, Industrial, Commercial and Residential and growing Indian Economy, PVC, HDPE and other plastic polymers will continue to drive growth in the pipes & fittings industry in the coming years.

FUTURE OUTLOOK AND DEMAND OF PVC PIPES

Sector review PVC pipes

- Pipe sector constitutes a major share (about 65%) of the total PVC consumption in India.
- Pipe Industry has been identified as one of the fast growing sectors for PVC.
- Today PVC pipe industry has more than 2000 establishments generating a turnover of over Rs. 3500 crores.
- Water management being the priority sector wherein use of PVC pipes will continue to grow.
- Boom in infrastructure development is the major trigger in the growth of this sector.

  (Note: All the above information has been collected from the Company)

II. BUSINESS OVERVIEW

Business of the Company

The company was incorporated on 17th November 1981 as a Private Limited Company with an object to manufacture plastic sheets and HDPE pipes. The founder Promoters of the Company were Late Mr. Hasmukhlal Patel and Late Mr. Bipinchandra Patel. The Company was converted into a Public Limited Company w.e.f. 5th August 1993. Our Company started manufacturing HDPE and PVC pipes at new location at Village Hariyala, in District- Kheda, Gujarat. After the demise of Mr. Hasmukhlal Patel and Mr. Bipinchandra Patel, Mr. Rasesh H Patel, Mr. Sudip B Patel, and Mr. Alpesh B Patel, the sons of deceased Promoters, who were already associated with the Company as Whole-time Directors/Directors started looking after the management of the Company. Mr. Sudip Patel, Mr. Rasesh Patel, and Mr. Alpesh Patel are qualified engineers and MBAs having wide experience in the Plastic Processing Industry. Our Company is presently engaged in the manufacturing of HDPE Pipes with installed capacity of 2970 TPA & PVC Pipes with an installed capacity of 6000 TPA.

a. LOCATION OF THE PROJECT

Our Company's plant was initially located at GIDC-Phase I, Vatva at Ahmedabad with an installed capacity of 300 TPA. Thereafter, in 1993-94, our Company set up a new plant for manufacturing of HDPE pipes at Hariyala Village, in Kheda District, Gujarat with installed capacity of 2670 TPA. In 1997-98, our company started the production of PVC pipes at its plant at Village Hariyala, District-Kheda.

During the year 1999-2000, while the plant and machinery at GIDC Vatva, Ahmedabad were allowed to use to Nippon Polymer Pvt. Limited, a group company of DPL together with the building situated on the said land. However, no formal agreement has been made between the Company and Nippon Polymers Pvt. Ltd. to this effect nor approval of GIDC has been obtained for the arrangement. The Company earns rent income of Rs. 9,60,000 per annum from the aforesaid arrangements. If the GIDC treats the above arrangements as being in breach of the License Agreement, GIDC can terminate the license and evict the License without prejudice to the other rights which it may have. In the event of GIDC taking such step, Company will loose the rental income of Rs.9,60,000/- per annum.

b. PLANT, MACHINERY, TECHNOLOGY & PROCESS

Manufacturing of HDPE Pipes and PVC pipes is being done by the extrusion process whereby HDPE/PVC granules/ powder are fed into an inlet of the extruder unit called hopper. The material gets melted in the heating zone and with the help of dies, the pipes of required diameters are manufactured. Later, the pipes are cooled by means of water spray. These cooled pipes are then passed through puller units where they are drawn out at a consistent, controlled speed where after, the pipes are cut into desired lengths.

The Company has been licensed to use the technical know-how for manufacture, sale and application of the products namely HDPE pipes and fittings as per the technology license agreement between the Company and M/s. Wavin Overseas BV of Netherlands. Our Company has 3 extruder lines for manufacturing HDPE and PVC pipes. The extruder lines are manufactured by M/s. DGP Windsor Ltd. The extruder specifications and designs are pre approved by Wavin. The cooling water tanks, the chillers and the pipe marking machines; all aid to the 3 extruder lines to provide least variation in standards of pipe. The European pipe-welding machines provide the perfect welding of pipes/fittings. The Company also possess portable welding machine to provide complete installation service to turnkey projects for pipe welding and laying at site. Our Company also has the state-of-the art thickness control gauge, which automatically controls pipe thickness with production. Apart from above, plant is equipped with various quality control devices used at different stages of production.

The details of Plant & Machinery and other equipment proposed to be procured for the project are given in the Section "Object of the Issue" on page No. 35.

c. COLLABORATIONS, ANY PERFORMANCE GUARANTEES OR ASSISTANCE IN MARKETING BY THE COLLABORATORS

The Company has entered into non-exclusive and non-transferable license agreement for technical know-how and patent for manufacture, sale and application of HDPE and PVC pipes with WAVIN OVERSEAS BV, NETHERLANDS, which is valid up to 31st January 2007 and thereafter renewable on yearly basis. As per the agreement, our Company makes half yearly payment of know-how fees of EUR 10,235 to WAVIN. Our Company does not have any marketing assistance from WAVIN.

d. INFRASTRUCTURE FACILITIES

1. Raw Material

For manufacturing of HDPE Pipes/PVC Pipes, the main raw materials required are HDPE/PVC granules\powder. The company uses either PILENE 1050 I2 grade or equivalent PE 80 imported grades of granules like Hostalene, Finathene, Marlex, Rigidex, and Delim granules. As these resins are domestically produced and easily available from Reliance Industries Ltd. and IPCL, our Company does not envisage any difficulty in meeting its raw material requirement.

2. Utilities

Power

At present, our Company has sanctioned power of 475 KVA from Gujarat Electricity Board. Besides, our Company is also having a D.G. set with the capacity of 250 KVA. The Company's present requirement of power is 475 KVA and after completion of the proposed project, our requirement of power is estimated to increase to 950 KVA. The additional requirement of the power will be met from power supply of GEB for which, the application will be made at appropriate time.

Water

The production process requires water basically for chilling process only. Hence there is very little consumption of water as most of the water is recycled for repetitive use. At present, the total water requirement for the factory is presently met by the Company's own borewell. Our Company does not envisage any difficulty for supply of additional water from bore well for expanded operations.

3. Manpower

Company has total manpower of 54 employees comprising of 2 Whole-time Directors, 3 managers, 5 clerical/assistants, 3 supervisors, 8 Technical senior executives and 33 workers. After completion of the expansion and modernization of the project, our Company would require additional manpower of 57 workers, 18 supervisors, 12 administrative personnel and other staff. Our Company does not envisage any difficulty in getting requisite manpower locally for expanded operations.

e. PRODUCTS

The product range manufactured by the Company can be categorized in two types on the basis of finished goods produced viz.:

HDPE Pipe Systems

DUTRON HDPE, MDPE and PP pipes and fittings.

Dutron uPVC Casing Pipes

Most ideal as submersible casing pipes for deep (CM, above 80 meters depth) or shallow (CS, up to 80 meters depth) bore wells, Dutron Casing pipes provide lowest flow friction and easy installation as threaded ends can be screwed on to each other.

Threaded Plumbing Pipes

Ideal replacement for the galvanized iron pipe system for drinking water distribution and plumbing & sanitary applications.

Moulded Fittings

A complete range of pressure fittings for water supply in agriculture, and SWR fittings for Soil, Waste and Rainwater applications in building, construction & waste water management.

Types of Dutron UPVC pipe pressure fittings available: Elbow, Tee, Reducer, MTA (Male Threaded Adapter), FTA (Female Threaded Adapter), End Cap, Threaded End Cap, Reducer, Tail Piece, Flange, Coupler, Service Saddle

Types of Dutron UPVC pipe SWR fittings available: Bend, 45° Bend, Tee, Double Tee, "Y", Double "Y", Cleaning Pipe, Vent Cowl, Pipe Clip, Nani Trap

Fabricated Fittings

Dutron provides uPVC Pipe fabricated fittings which are tailor made (such as bends and couplers or any other types) for customer specific requirements.

f. LIST OF TOP TEN CUSTOMERS

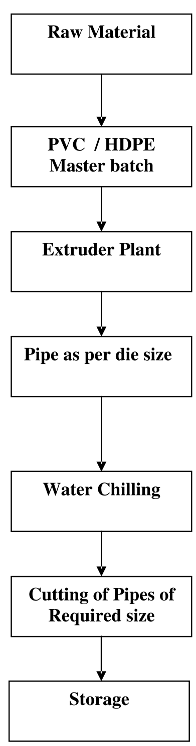
The Top Ten customers of Dutron and percentage of sales contributed by them during last 5 years are given in the following table;

Sr. No.	2005-06		2004-05		2003-04		2002-03		2001-02	
	Name of Client	**% of Sales**	**Name of Client**	**% of Sales**	**Name of Client**	**% of Sales**	**Name of Client**	**% of Sales**	**Name of Client**	**% of Sales**
1	Gujarat Water Supply & Sewerage Board	32.30	Guj. Water Supply & Sewerage Board	55.60	Nicco Corporation Ltd	17.08	Maharashtra Ind. Dev. Corp.	13.17	Universal Pipe Traders	8.83
2	Universal Pipe Traders	9.44	Nicco Corporation Ltd	5.85	Guj. Water Supply & Sewerage Board	15.46	Universal Pipe Traders	7.39	Pondichery Port Deptt.	5.99
3	Chennai Petroleum Corp. Ltd.	6.80	Universal Pipe Traders	4.06	Universal Pipe Traders	7.75	Shreeram Pneumatics	5.30	Shreeram Pneumatics	4.82
4	Krishna Enterprise	4.93	Patel Irrigation	2.12	Shreeram Engg. Const. Co. Ltd	3.58	Gujarat Mach. Stores	3.80	Gujarat Mach. Stores	4.35
5	Gujarat Mach. Stores	3.76	Gujarat Mach. Stores	2.08	Gujarat Mach. Stores	3.22	Brahmani Ele. Sales & Services	3.76	Maharashtra Ind. Dev. Corp.	4.17
6	Gayatri Enterprise	2.60	Krishna Enterprise	1.74	Krishna Enterprise	3.16	Gayatri Enterprise	3.44	Gayatri Enterprise	2.96
7	Vijay Agencies	2.07	Maruti trading Pvt. Ltd.,	1.72	Varahi Mach. Stores	2.50	Varahi Mach. Stores	3.07	The Arvind Mills Ltd.	2.56
8	M.S. Agencies	2.01	Gayatri Enterprise	1.17	Gayatri Enterprise	2.08	Velani & sons	2.45	Shriram Explosive Dealers	2.45
9	Varahi Mach. Stores	1.91	Varahi Mach. Stores	1.00	The A' Bad Ele. Co. Ltd.	2.03	S.B. Trading Co.	2.16	Krishna Enterprise	2.40
10	Rakesh Construction	1.90	Chetan Vyas & Associates	0.95	Brahmani Ele. Sales& Services	1.79	Krishna Enterprise	2.09	Varahi Mach. Stores	2.35
	Total	**67.72**		**76.29**		**58.65**		**46.63**		**40.88**

The significant part of Company's sales are dependent on some of its major and regular customers like Universal Pipe Traders, Gujarat Water Supply & Sewerage Board, Gujarat Machinery Stores, Krishna Enterprise, Gayatri Enterprise etc.

PROCESS CHART

Production process chart is given below:



QUALITY CONTROL

In-House test facility

Our Company has well-established quality-testing laboratory which has all types of equipments required for checking total quality of HDPE/PVC pipes in line with Indian and International standards.

The equipments include:

1. Tensile testing Machine
2. MFI Tester
3. IPCR
4. Revision Test
5. Carbon Black content test

Besides, the Company has been awarded ISO 9001:2000 by American Bureau of Shipping (ABS) Quality Evaluations, Inc. which is accredited by **ANSI-ASQ National Accreditation Board** (ANAB) and is valid up to 7th July 2008.

TECHNOLOGY UPGRADATION/MODERNISATION

Company undertakes technological up gradation from time to time to meet the growing demands of quality and need for reduction in process cost.

PROCESS CONTROL

Established, well-defined processes are laid down at various stages of manufacturing of HDPE Pipes & PVC Pipes so as to optimize the yield percentage and reduce the wastage percentage.

CUSTOMER PROFILE

Our Company has supplied various products to some of the well-known establishments in the country from time to time. Some of the major customers are as under:

A. Pipes for effluent treatment and disposal

Sr. No.	Name of Customer
1	Green Environment Services Co. Op. Soc. Ltd., Vatva, A' bad
2	Odhav Enviro Project Ltd., Odhav, A' bad
3	Maharashtra Industrial Development Corporation
4	Ahmedabad Urban Development Authority
5	Gujarat Vepari Mahamandal Sahkari Association Vatva Ltd.
6	Associated Environment Engineering Pvt. Ltd.
7	BASF India Ltd.
8	Doshi Chemical Ltd.
9	Khemani Distilleries Ltd.
10	V A Tech Wawag Ltd.
11	Panchamahal Dist.Co.Op.Milk Fed Ltd.
12	Chennai Petroleum Corp. Ltd.
13	HP Zala, Vadodara-Halol(GIDC)Industries Association

Water Management

Sr. No.	Name of Customer
1	Bechtel International Inc. (Dabhol Power Project)
2	Nicco Corporation Ltd.
3	Sesa Goa Ltd.
4	Gujarat Water Supply & Sewerage Board

Other Projects

Sr. No.	Name of Customer	Particulars
1	Damodar Mangalji & Co. Ltd.	Mine Dewatering
2	Tata Hydro Electric Power Supply Co.	Cable Conduct
3	Gujarat Pipavav Port Ltd.	Dredging, Floating pipeline
4	Pondichery Port	Disposal of dredged slurries
5	The Arvind Mills Ltd.	Process line in replacement of corroded metal pipe

MARKET AND COMPETITION:

Our Company is one of the medium sized company manufacturing HDPE and PVC pipes and fittings with a fairly modernized plant. Company faces competition from several other industrial players like Supreme Industries Ltd., Prince Plastics Ltd., Jain Irrigation, NOCIL, Finolex Industries Ltd. etc. However, our Company has some advantage over competitors in terms of established products, technical expertise and customer trust. Further, our Company has technical collaboration with WAVIN of Netherlands, which enables the Company to maintain quality and upgrade the process parameters from time to time to improve the quality of our products.

MARKETING SET UP:

Our Company manufactures HDPE and PVC pipes and fittings. Due to our technical expertise and superior quality, the Company over the years has earned reputation in the industry. We have received several repeated contracts from Government authorities like the Ahmedabad Urban Development Authority, Maharashtra Industrial Development Corporation, Gujarat Pipavav Port Ltd., Pondichery Port, etc.

Further our Company's whole-time Directors are qualified engineers and proven entrepreneurs having years of experience in the Plastic industry. The overall marketing function is looked after by Mr. Alpesh B. Patel, Director. The Company has appointed about 82 dealers throughout the country for sales and distribution of Company's products.

MARKETING STRATEGY

With the proposed expansion and modernization of Company's manufacturing facility, our Company proposes to utilize installed capacity to the optimum level by having the following marketing strategy.

1. Emphasis on Institutional and Government business.
2. Direct marketing to the agriculture sector through various co-operative institutions formed by the farmer community.
3. Direct marketing to large real estate developers.
4. Emphasis on value added Turn Key contracts both in private and public sector.
5. To increase the competitiveness in the market through reduction in the overall cost of production.

2. BUSINESS STRATEGY

a) Brief Statement about Business Strategy:

Our Company is in the manufacturing of plastic pipes and fittings for more than 25 years and has grown to the present level by developing quality of products. The Company wants to leverage this strength to its benefit in future so as to become an effective player in the HDPE/PVC pipe industry.

(i) Brief Statement about Future Prospects:

Our Company is one of the medium sized plastic pipes and fittings manufacturing company with a fairly modernized manufacturing plant and is in the business for more than 25 years. Our Company has already established its name in the industry on account of good quality, timely delivery, after sale service and above all fair trade practices.

The consumption of PVC pipes in India is expected to grow by 10.53% to 5897 Million tones in 2009-10 from 3952 Million tones in 2005-06 and that of HDPE pipes by 13.65% to 882 Million tones in 2009-10 from 529 Million tons in 2005-06. On account of its widely accepted uses in Agriculture, Industrial, Commercial and Residential, new usages such as conduiting in telecom industry, power industry and oil and gas industry and growing Indian Economy, PVC, HDPE and other plastic polymers will continue to drive growth in the pipes and pipe fittings industry in the coming years. As such, our Company intends to seize the opportunity at appropriate time and derive the benefits for the Company and stakeholders.

(a) Capacity:

The present installed capacity, past three years capacity utilization and proposed capacity utilization (including existing and proposed) is given as under:

(Capacity in TPA)

Existing Installed Capacity	**Actual**		
	2003-04	**2004-05**	**2005-06**
HDPE Pipes			
Installed Capacity	2970	2970	2970
Utilized Capacity	982	1221	1069
Utilization as % of installed capacity	33.06%	41.11%	35.99%
PVC Pipes			
Installed Capacity	6000	6000	6000
Utilized Capacity	2835	5006	3393
Utilization as % of installed capacity	#47.25 %	83.43%	56.55%

\# The Installed Capacity of the PVC pipes was increased from 2100 TPA to 6000 TPA in December 2003. Accordingly, the installed capacity for the year ended 31st March 2004 is taken as 6000 TPA.

(Capacity in TPA)

Proposed Capacity (Existing + Proposed)	**Projected**			
	2006- 07	**2007-08**	**2008-09**	**2009- 10**
HDPE Pipes				
Installed Capacity	2970	9410	9410	9410
Utilized Capacity	1069*	3539.41	5175.5	5646
Utilization as % of installed capacity	35.99%	37.61%%	55%	60%
PVC Pipes				
Installed Capacity	6000	10500	10500	10500
Utilized Capacity	3393*	5095.25	6300	6825
Utilization as % of installed capacity	56.55%	48.53%	60%	65%

* The expansion and modernization project is proposed to be completed by May'07. Accordingly, for the year 2007-08, the capacity utilization for the first month is taken based on the actual production of 2005-06, while for the remaining eleven months the projected capacity utilization has been taken as 40% of the installed capacity for HDPE pipes and 50% of the installed capacity for PVC pipes.

(b) Capacity Utilization

The main assumptions for increase in capacity utilization over the next three years is mainly that the Company has proposed to create additional facility and upgrading technology for HDPE pipes and PVC pipes thereby increasing the production of pipes which in turn will improve the overall capacity utilization of its installed capacity (existing and proposed) of 9410 TPA for HDPE pipes and 10500 TPA for PVC pipes and reduce the cost of production thereby making the product more competitive. Since the Company has already achieved a capacity utilization of 36% for HDPE pipes (The present utilization is on the lower side as the machineries have become outdated technology consuming more power) and 56% for PVC pipes in 2005-06 and keeping in view business prospects as mentioned above, company is confident to achieve capacity utilization of 40% & 50% for HDPE pipes and PVC pipes respectively in the current year 2006-07.

HDPE Pipes

The projected capacity utilization during the three years commencing from 2006-07 and ending on 2008-09 averages at 4108.5 TPA, which is more than 25% of the actual average capacity utilization of 1091 TPA during the previous three years, ended 2005-06.

PVC Pipes

The projected capacity utilization during the three years commencing from 2006-07 and ending on 2008-09 averages at 5456 TPA, which is more than 25% of the actual average capacity utilization of 3745 TPA during the previous three years, ended 2005-06.

The Company is facing bottlenecks in respect of certain plant, machinery, etc. on account of obsolete technology consuming higher power due to which it is unable to optimize its production capacity as also unable to reduce its cost of production. With the Upgradation in the technology in plastic processing machineries for HDPE & PVC pipes, the output of new machines is almost 3 times the output of existing machineries with the incremental consumption of power to the extent of approx. 20%. Therefore, the Company's plan to purchase new additional machinery with better technology will result into cost reduction, optimizing the use of existing machineries and increasing the capacity of the plant. This in turn would make the Company's product more competitive in the market and the Company is confident that with the help of its strong marketing network of 82 dealers throughout India, it will be able to increase its sales & profitability in the years to come.

Keeping in view the above, the business strategy of the Company is as under:

1. Improving the cost competitiveness
2. Widening the customer base
3. Optimum utilisation of the production capacity

(c) SWOT ANALYSIS

Strengths

1. Dutron Group is in the pipe business since last forty years.
2. The Company is having technical collaboration with Wavin, Netherlands, a world leader.
3. Company is a Profit making entity since inception.
4. The Promoter Directors of the Company are qualified engineers and MBAs having wide experience in the Plastic Industry.
5. Company's products are well accepted in the industry and it enjoys goodwill from the customers.

Weaknesses

1. Company has not opted for adoption of modern technology at earlier stage.
2. In the field of HDPE Pipes, the cost of production is higher as compared to other competitors.

Opportunities

1. Vast growing market of HDPE/PVC pipes in various sectors.
2. The demand for Company's products has a bright future.
3. The plastic piping system is cost effective vis-a-vis conventional piping system. Therefore, demand for plastic piping system is growing consistently.

Threat

1. Competition among the manufacturers results into shrinking of profit margins.

3 PROPERTIES

As per the audited balance sheet of the company as at 31st March, 2006, the Company has the following immovable properties:

Sr. No.	Description	Net Block (In Rs.)
1	Land at Block no. 642, National Highway no 8, Hariyala Village, in Kheda District, Gujarat.	17,69,700/-
2	Land at 5/B Phase I, GIDC, Vatva, Gujarat*.	1,77,855/-
3	Factory Building at 5/B Phase I, GIDC, Vatva, Gujarat.	13,71,833/-
4	Factory Building at Block no. 642, National Highway no 8, Hariyala Village, in Kheda District, Gujarat.	1,02,05,459/-

* Pursuant to the Agreement, GIDC has given to the Company License in respect of plot of land at 5/B Phase I, GIDC, Vatva, Gujarat. This plot of land has been allowed to be used by Nippon Polymers Pvt. Ltd., a group company of DPL together with the building situated on the said land. However, no formal agreement has been made between the Company and Nippon Polymers Pvt. Ltd. to this effect nor approval of GIDC has been obtained for the arrangement. The Company earns rent income of Rs. 9,60,000 per annum from the aforesaid arrangements. If the GIDC treats the above arrangements as being in breach of the License Agreement, GIDC can terminate the license and evict the License without prejudice to the other rights which it may have.

All the above immovable properties (except land) and other movable properties of the Company are adequately insured against all kinds of risks to which they are susceptible.

4. PURCHASE OF PROPERTY

There is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present issue or the purchase or acquisition of which has been contemplated in the present Rights Issue.

III. KEY INDUSTRY REGULATIONS

Industries (Development and Regulation) Act, 1951, (IDRA)

Industries (Development and Regulation) Act, 1951, (IDRA) has been enacted to implement the industrial policy. It provides for the development and regulation of major industries. IDRA envisages balanced industrial growth all over India and optimum use of resources and infrastructure. The Act is applicable to whole of India. IDRA is applicable to scheduled industries as given in the First Schedule to the Act. Section 29B(1) of IRDA authorizes Central Government to exempt any industry or class of industries from any provision of the IRDA. Presently, Central Government has exempted most of the industries from the provisions of licensing. There are only few industries, which require license. License is not required for any other industry. Those industries, which are not required to obtain license have to get themselves registered with SIA for Industrial Entrepreneurial Memorandum. The Company has registered itself with the SIA for Industrial Entrepreneurial Memorandum.

The Factories Act, 1948

The Factories Act, 1948 is the principal legislation for regulating various aspects relating to safety, health and welfare of workers employed in factories. This act is enacted primarily with object to protect workers employed in factories against industrial and occupational hazards. This act requires that workers should work in healthy and sanitary conditions and for that purpose it provides that precautions should be taken for safety of workers and prevention of accidents.

Besides above, our Company is governed by various other statutes like Industrial Disputes Act, 1947, The Minimum wages Act, 1948, The Payment of Wages Act, 1936, The Contract Labour (Regulation and Abolition) Act, 1970, Workmen's Compensation Act, 1923, The Payment of Gratuity Act, 1972, Employee's States Insurance Act, 1948, Employee's Provident Fund and Miscellaneous Provisions Act, 1952, Payment of Bonus Act, 1965, etc.

IV. HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

1 History & Background of The Company:

Dutron Polymers Limited, a member of the Dutron group of Companies, was incorporated in the year 1981 as a Private Limited Company under the Act by Late Shri Hasmukhbhai Patel, Chemical Engineer and Late Shri Bipinbhai Patel, Civil Engineer, for setting up the project envisaging manufacture of HDPE pipes and sheets of various size with an installed capacity of 300 TPA at 5/B, GIDC, Vatva, Ahmedabad at a total cost of Rs. 10 lakhs, which was financed by way of promoters' contribution of equity capital of Rs. 1 lakh and unsecured loans of Rs. 9 lakhs.

With an encouraging response to its products, our Company decided to expand its capacity from 300 TPA to 2970 TPA at a total cost of Rs. 350 lakhs. With a view to expanding our capacity further, our Company decided to fund the expansion project by making a maiden public issue of equity shares. Accordingly, our Company was converted into a Public Limited Company in the year 1993 and made its public issue in the year 1994 for part financing the expansion project estimated at Rs. 350 lakhs. Our Company has technical collaboration for manufacturing of HDPE and PVC pipes with Wavin Overseas B.V., Netherlands, the largest plastic pipe processors in Europe, since last 10 years. The public issue was fully subscribed and Company's Equity Shares were listed at BSE and ASE On account of Online trading commenced by Bombay Stock Exchange and no trading of the Company's Equity Shares at ASE, our Company got the Equity Shares delisted from ASE as per the extant rules with effect from 31st March 2005. Our Company's Equity Shares are presently listed at the BSE.

Our Company's registered and corporate office is located at Ahmedabad and our plant is located at National Highway No. 8, Village Hariyala, District-Kheda in Gujarat having installed capacity of 2970 TPA HDPE pipes and 6000 TPA of PVC pipes.

Our Company is one of the leading players in the field of plastic pipe processors in India. Brand names of Dutron Group products are Dutron Kanaflex PVC suction and Delivery Hoses, Duct Hoses, Oil Hoses and Non-toxic Hoses, Duplon Flat Delivery Hoses, Duplon Braided PVC Hoses & Dutroflex Corrugated Pipes.

Our Company has presence all over the country through marketing and distribution network of 82 dealers at strategic locations.

Our Company also undertakes turnkey jobs such as manufacturing and laying of pipelines as per the customer requirement and has formed teams for carrying out pipe welding as well as installation including pressure testing. Our Company has a fully equipped laboratory with totally computerized imported machines for carrying out quality checks for raw material as well as finished goods.

2 Major Events in the History of the Company

Year	Events
1981	Incorporated on 17th November, 1981 as Private Limited Company
	Set up a manufacturing facility for plastic pipes and sheets with installed capacity of 300 TPA at Vatva, Ahmedabad
1992	The Paid up Capital of the Company increased from Rs. 1 lakhs to Rs. 10 lakhs.
1993	Issue of Bonus shares in the ratio of 3 shares for every 1 share held in February 1993.
1993	Converted into Public Limited Company on 5th August 1993
1993	Entered into Technical know how and patent agreement on 14th May 1993 with Wavin Overseas B.V. Netherlands, for manufacture, sale and application of HDPE and PVC products.
1993	Change in the Registered Office from Trupti Appt, B/H Highcourt, Navrangpura, Ahmedabad to Dutron House, Nr, Mithakhali underbridge Navrangpura, Ahmedabad 380 009 w.e.f. 3rd May 1993.
1993	Maiden Public Issue of 26 lakhs equity shares of face value Rs. 10 each at par in September 1993.
1993-94	Set up a new plant for manufacturing of HDPE pipes at Block no. 642, National Highway no 8, Hariyala Village, in Kheda District, Gujarat with installed capacity of 2670 TPATPA.
1997	Secured order for a turnkey project of Rs.1.50 crores of Green Environment Services Co. Op. Soc. Ltd., Ahmedabad
1997-98	Expanded its product line from HDPE pipes to PVC pipes at its plant at Kheda with installed capacity of 1500 TPA.

Year	Events
1998-99	Increase in installed capacity of PVC pipes from 1500 TPA to 2100 TPA
2003	Awarded the project of Rs. 7.00 crores on water management from M/s. Nicco Corporation Ltd.
2004-2005	Increase in installed capacity of PVC from 2100 TPA to 6000 TPA.
2004-2005	Achieved a record breaking capacity utilization of 83.43% for PVC pipes and highest turnover during the lifetime of the Company of Rs. 42.59 crores on account of receiving Government and Institutional Contracts
2004-2005	Delisting of Equity Shares of the Company from ASE

3 Main Object of The Company:

The Object Clause of the Memorandum of Association (MOA) of the Company enables it to undertake the activities for which the funds are being raised in the present Rights Issue. Furthermore, the activities of the Company has been carrying out until now are in accordance with the objects of the MOA. The main objects of the Company inter-alia are;

To carry on the business of manufacturers, dealers, agents importers, exporters and assemblers of

- Sheets, pipes, Tubes, Hoses, Reinforced Hoses, Rods and all other extruded articles of every kind and description made of plastics, rubber, yarn, both synthetic and natural raw materials.
- Plastic Moulding powders of high and low density polythene, polysyrene, PVC powders, resins, compound, acetate, rayon yarns, dyes, benzyl, acrylic, buterete, nylone, bakelite,
- Plastic laminating of every kind and description.
- Moulded articles by different moulding processes such as injection, blow vaccum forming processes.
- Polythelene layflat tubings, sheets, bags.
- Electrical, automobile and other articles or accessories from plastic, backelite, nylone, polypropalyne and other plastic group powders.

CHANGES IN THE MEMORANDUM OF ASSOCIATION:

Sr. No.	Particulars	Date of Meeting	Nature of Meeting
1.	**Change in Name Clause**		
	Conversion of private limited company into public limited company	15-July,-1993	EGM
2.	**Change in Object Clause**		
	There has been no change in the object clause of the Company since incorporation.	–	–
3.	**Change in Authorized Share Capital**		
(i)	Increase in the authorized share capital of the Company from. Rs. 15 Lakhs to Rs. 50 Lakhs.	22-February,-1993	EGM
(ii)	Increase in the authorized share capital of the Company from Rs. 50 Lakhs to Rs. 400 Lakhs.	7-September-1993	AGM
(iii)	Increase in the authorized share capital of the Company from Rs. 400 Lakhs to Rs. 600 Lakhs.	25-March,-2006	EGM

CHANGES IN THE REGISTERED OFFICE:

Sr. No.	Details of change	Date of Change	Meeting
	Change in Registered office of the Company from Trupti Apartment- Ground Floor, Behind High Court, Navrangpura, Ahmedabad-380 009 to "Dutron House", Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad - 380 009.	3-May -1993	Board Meeting

4 Subsidiary of the Company, if any and their business

The Company does not have any subsidiary as on the date of the filing this Letter of Offer.

5 Shareholders Agreements:

The Company does not have any Shareholders Agreement as on the date of this filing of this Letter of Offer.

6 Other Agreements:

The Company has entered into a technical collaboration with Wavin Overseas B.V, a company incorporated in Netherlands, for five years from January 2002 and thereafter to be renewed on yearly basis. The agreement is expiring on 31st July 2007.

Under the aforesaid agreement, Wavin grants to our Company a non-exclusive and non-transferable license to use the know-how and patents for the manufacture, sale and application of the products within the territories of India. Our Company can not export or be in any way directly or indirectly engaged with the export of any of the products outside the Indian territory, unless otherwise agreed in writing beforehand by Wavin.

Wavin shall on its own initiative make available to our Company such information, assistance, training and demonstration as shall be in Wavin's opinion required by our Company.

Wavin shall provide know how relating to management systems, product know how, production technology, supplementary technology and research facilities to our Company under the terms of agreement.

The products covered mainly under the aforesaid agreement are;

1. Polyethylene pipes for gas, water, sewerage, irrigation etc.
2. UPVC pipes for pressure and non-pressure application in drinking water and discharge sewerage application with the exception of UPVC bi-ax Wavihol and multi layer pipes.
3. Other product ranges like PP compressor fittings, PPRC Hot & Cold water system and PE Socket fusion fittings.

For further details of the agreement with WAVIN, please refer to page no.99.

7. Strategic Partner & Financial Partner:

The Company does not have any strategic or financial partners as on the date of filing of this Letter of Offer.

V. MANAGEMENT OF THE COMPANY

1 Board of Directors

The details of the Directors of the Company are given below:

Name Address, Occupation & Qualification	Designation	Date of Birth	Experience	Directorship in other companies
Mr. Sudip B. Patel 'Three Bungalows', S.M. Roads, Ambawadi, Ahmedabad-380 015 Business Chemical Engineer & MBA	Chairman & Joint Managing Director	24/06/62	23	a) Dutron Plastics Ltd b) Nippon Polymers Pvt. Ltd. c) Cosmofill Plastisack Pvt. Ltd. d) Dutron Telecom Pvt. Ltd.
Mr. Rasesh H. Patel 'Three Bungalows', S.M. Roads, Ambawadi, Ahmedabad-380 015 Business Electronics & Communication Engineer and MBA	Joint Managing Director	15/07/67	13	a) Dutron Plastics Limited b) Nippon Polymers Pvt. Ltd. c) Dutron Telecom Pvt. Ltd.
Mr. Alpesh B. Patel 'Three Bungalows', S.M. Roads, Ambawadi, Ahmedabad-380015 Business B.E. (Plastics), MBA	Director	03/03/68	13	a) Dutron Plastics Ltd. b) Nippon Polymers Pvt. Ltd. c) Dutron Telecom Pvt. Ltd.
Mr. Chandulal T. Shah 9/A Navratna Vaibhav Co. Op.Soc 223, Mumbai Tamil Sangham Marg, SION (E), Mumbai - 400022 Business Under Graduate	Director	27/11/33	40	NIL
Mr. Ashvin V. Kothari 18, Anand Nagar Society, Jetalpur Road, Baroda-390007 Business B.E. (Chemical)	Director	22/07/36	28	NIL
Mr. Kaushik Patel 38, Khodiyar Vijay Society, Punitmagar III, Satellite Road, Ahmedabad-380015 Professional Chartered Accountant	Director	02/12/55	20	a) Kautilya Finsecurities Ltd. b) Kalupur Com. Co.op.Bank Ltd. c) Nirma Limited

Mr. Sudip B. Patel:

Mr. Sudip B. Patel, aged 44 years, a Bachelor of Engineering in Chemical Engineering from L. D. Engineering College, Ahmedabad and Masters in Chemical Engineering from University Department of Chemical Technology, Bombay, having experience of 23 years in Polymers Industry is the Chairman & Joint Managing Director of our company. He also holds degree in MBA with specialization in Finance from Philadelphia College of Textiles & Science, USA. He is the son of Late Shri Bipinbhai Patel, founder of Dutron Group. He looks after the production function of the Company. He is also a key person for new product development, R&D activity and expansion cum modernization.

Mr. Rasesh H. Patel

Mr. Rasesh H. Patel, aged 40 years, a Bachelor of Engineering in Electronics and Communications Engineering from L. D. Engineering College, Ahmedabad and M.S. in Electrical Engineering and MBA in production from Drexel University, Philadelphia, USA. He is son of Late Shri Hasmukhbhai Patel, founder of Dutron Group. After completing his education, he joined our Company and was one of the Key Persons behind the first Public Issue of the Company. He has experience of more than 13 years and is a Joint Managing Director of our Company. He looks after finance, production and day-to-day administration functions of the Company.

Mr. Alpesh B. Patel

Mr. Alpesh B. Patel, aged 38 years, a Bachelor of Engineering in Plastic Technology from L. D. Engineering College, Ahmedabad and MBA with specialization in Marketing from Philadelphia College of Textiles & Science, USA, is a Non-executive Director of our Company. He is son of Late Shri Bipinbhai Patel, founder of Dutron Group. He guides our Company in marketing of Dutron products and selection and appointment of dealers in different parts of the country.

Mr. Chandulal T. Shah

Mr. Chandulal T. Shah, aged 73 years, is an Under Graduate businessman having 40 years of experience in the sales and distribution of HDPE and PVC pipes. He has been acting as an Independent Director of our Company since last 3 years. His experience in sales and distributions guides our company in marketing and selling its products effectively in the market.

Mr. Ashvin V. Kothari

Mr. Ashvin V. Kothari, aged 69 years is a Bachelor of Chemical Engineering from University of London, having experience of 28 years in Polymers & Chemical Industries. He has worked in various big & prestigious organizations namely Calico Mills, Shri Ram Chemical Industries, Polymer Corporation of Gujarat Ltd., Tata Consulting Engineers etc. in various positions such as Sr. Executive, Plant Technologist, General Manager Works and Technical Advisor to various organizations.

Presently he is rendering consulting and advisory services to various prestigious organizations in chemical, petrochemicals, plastics processing industries including turnkey small and medium scale industries.

Mr. Kaushikbhai N. Patel

Mr. Kaushikbhai N. Patel, aged 51 years is practicing Chartered Accountant having professional experience of 20 years. He is also a partner in M/s. Kaushik Jayendra & Co. (Chartered Accountant). He is the independent Director of our Company.

Details of the borrowing powers:

The Board of Directors of the Company has power to borrow up to Rs. 3,00,00,000/-(Rupees Three Crores only) as per the Resolution passed u/s 293(1)(d) in the EGM of the Company held on 14th December 1993.

2 Compensation To Managing Director & Other Whole Time Directors

Compensation and benefits in kind granted to the Directors:

The terms and conditions governing the appointment of Mr. Rasesh Patel and Mr. Sudip Patel are contained in a Special Resolutions passed at the AGM of the Company dated 24th September 2004. The principal terms and conditions set out in the aforesaid Resolutions are as follows:

Mr. Sudip Patel and Mr. Rasesh Patel

1. **Period of Appointment:** Five years from 01.04.2004
2. **Salary:** Mr. Sudip Patel and Mr. Rasesh Patel shall be entitled to a salary of Rs Rs.40000/- per month each (w.e.f. 01-04-2004 to 31-03 -2009)
3. **Perquisites:** In addition to salary, the Joint Managing Directors will be allowed perquisites such as housing facility, medical reimbursement, leave travel allowance, club fees, personal accident insurance, car and telephone for business purpose, commission and other perquisites such that the total managerial remuneration does not exceed 10% of the net profit of the Company, as per the provision contained in Section I of Part II of Schedule XIII to the Companies act, 1956 or as amended from time to time.

Contribution to Provident Fund, Superannuation Fund or Annuity Fund:

The Contribution to Provident Fund, Superannuation Fund or Annuity Fund shall not be included in the computation of the ceiling or remuneration to the extent these singly or put together are not taxable under the Income Tax Act, 1956.

Gratuity:

Gratuity payable shall not exceed half month's salary for each completed year of service subject to a ceiling of Rs. 3,50,000/- as per payment of Gratuity Act, 1972 or as amended from time to time.

Leave Encashment:

The Managing Directors shall be entitled to one-month's leave for every completed year of service. Leave not availed of will be allowed to be encashed.

4. **Sitting Fees:** The Managing Directors, so long as they function as such, shall not be paid any sitting fees for attending the meetings of the Board Directors or committee(s) thereof.
5. **Minimum Remuneration:** In the event of absence or inadequacy of profit in any financial year, the remuneration to the Joint Managing Directors shall be as per the provision contained in Para m 2 of section II of Schedule XIII to Companies Act, 1956.
6. **Termination of Agreement:** The respective Agreement may be terminated by either party (Company or the concerned Joint Managing Director) by giving the other three months prior notice of termination in writing.

3. Corporate Governance

The Company stands committed to good corporate governance practices. The Company continues to lay great emphasis on the broad principles of corporate governance. Our pursuit towards achieving good corporate governance is an on going process. Our corporate governance policies lay emphasis on communication, both internal and external and reporting.

The Company has complied with listing agreement requirements in respect of corporate governance specially with respect to broad basing of the board. The Board has six Directors of which three are independent Directors as per the requirements of corporate governance norms as enumerated in clause 49 of the listing agreement with the stock exchanges. The Board has constituted an Audit Committee, Shareholders Grievance Committee and Remuneration Committee.

Committees of the Board

Our Company has the following committees formed out of the members of the Board.

Audit Committee

The Audit Committee consists of three Directors. All of these Directors are independent Directors.

Name of the Members	Designation	Nature of Directorship
Mr. Kaushik Patel	Chairman	Independent Director
Mr. Chandulal T. Shah	Member	Independent Director
Mr. Ashwin Kothari	Member	Independent Director

Remuneration Committee

The remuneration Committee consists of the following members:

Name of the Members	Designation	Nature of Directorship
Mr. Ashwin Kothari	Chairman	Independent Director
Mr. Kaushik Patel	Member	Independent Director
Mr. Chandulal T. Shah	Member	Independent Director

Shareholders/Investors' Grievance Committee

As part of its Corporate Governance initiative, the Company has constituted the Shareholders/Investors grievance Committee to specifically look into matters relating to shareholders grievance such as approval of transfer/transmission/demat/ remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non-receipt of Annual Report, non-receipt of declared dividends and such other issues.

The Committee consists of the following members:

Name of the Members	Designation	Nature of Directorship
Mr. Rasesh H. Patel	Chairman	Joint Managing Director
Mr. Kaushik Patel	Member	Independent Director
Mr. Chandulal T. Shah	Member	Independent Director

The Company was required to induct the independent Directors from the period commencing from December 31, 2005 as per the clause 49 of the listing agreement with the BSE on corporate governance. However, such induction was made with effect from June 5, 2006, resulting in delay of two quarters in compliance of the said clause 49. BSE may take disciplinary action against the Company for such non-compliance.

4 Shareholding of Directors

The details of shareholding of Directors of the Company are as under:

Sr. No.	Name of the Director	No. of shares held	% of total holding
1.	Mr. Sudip B. Patel	86500	2.88%
2.	Mr. Rasesh H. Patel	224000	7.47%
3.	Mr. Alpesh B. Patel	83000	2.77%
4.	Mr. Chandulal T. Shah	2500	0.08%
5.	Mr. Ashvin V. Kothari	Nil	Nil
6.	Mr. Kaushik N. Patel	Nil	Nil

Qualification shares required to be held by the Directors

As per the Clause 75 of the Articles of Association of the Company, no qualification share is required for being appointed as or holding the office as a Director of the Company.

5 Interest of Directors:

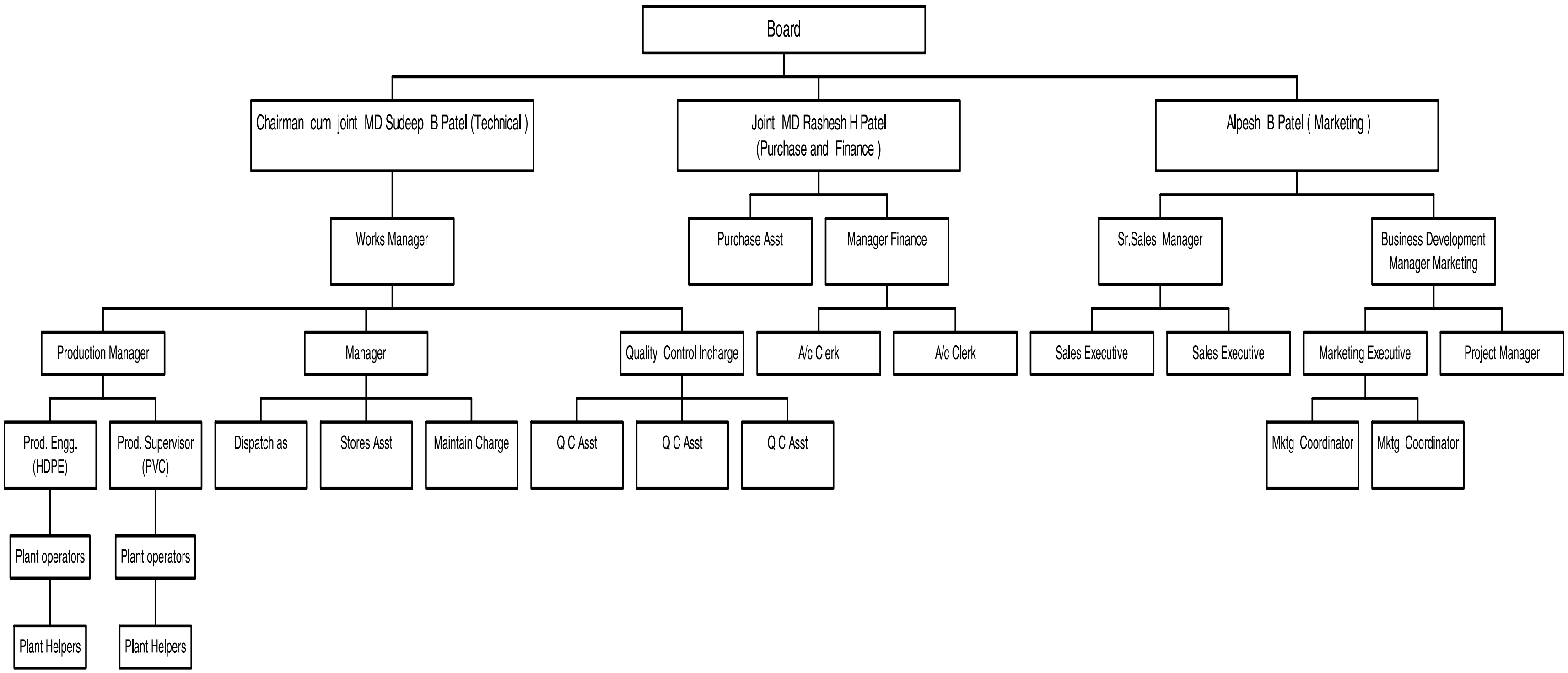
Except as stated in "Related Party Transactions" on page 84 of this Letter of Offer and to the extent of remuneration (received by them in their respective capacities) and reimbursement of expenses and to the extent any equity shares of the Company held by them there are no interests of Promoters /Directors or payment or benefit to Promoters/ Directors except as mentioned on page 64 under the heading "Compensation to Managing Director and other Whole Time Directors" in the Letter of Offer.

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

6 Changes in the Directors during the last three years:

Name of Director	Date of Appointment	Date of ceasing	Reason
Mr. Bipinchandra T. Patel	22/06/1993	04/08/2005	Due to Death
Mr. Chandulal T. Shah	20/03/2003	-	Appointment as Independent Director
Mr. Kaushik Patel	05/06/2006	-	Appointment as Independent Director
Mr. Ashvin V. Kothari	05/06/2006	-	Appointment as Independent Director

7. Management Organization Chart



DUTRON

8. Key Managerial Personnel:

The day-to-day management of Dutron Polymers Limited is looked after by the whole-time Directors of the Company. Mr. Rasesh H. Patel looks after the finance and the day-to-day management of the Company. Mr. Sudip B. Patel looks after the production activities of the Company and Mr. Alpesh B. Patel takes care of the Business Development & Marketing activities of the Company. The Directors of our Company are supported by a group of senior executives who report directly to the Promoters.

Since our Company is a medium sized Company and moreover two other companies viz., Dutron Plastics Ltd. & Nippon Polymers Pvt. Ltd. are under the same management, our Company utilizes the services of the key managerial personnel of these companies. The Company does not have any key managerial personnel as its permanent employee except Mr. Haresh Chavada and Manand Bhavsar who are on the roll of the Company. The Company has been utilising the services of Mr. Hemant R. Shah, Mr. Maulik V. Kapadia, Mr. T. P. Vijayan and Mr. R.D. Desai, all employees of the group companies of Dutron Polymers Ltd. as and when required. The Company is not required to pay any compensation to these persons for their services to the Company.

SHAREHOLDING OF KEY MANAGERIAL PERSONNEL

There is no shareholding of key managerial personnel in the Company.

BONUS OR PROFIT SHARING PLANS FOR THE KEY MANAGERIAL PERSONNEL

There are no bonus or profit sharing plans for the key managerial personnel of the Company.

LOANS TO KEY MANAGERIAL PERSONNEL

The loans outstanding against the key managerial person as on 31st March, 2006

Name	Details of Loan
Mr. Haresh Chavada	Rs. 8,800/- (Loan of Rs. 20,000/- was given for purchase of two wheeler vehicle)

CHANGES IN THE KEY MANAGERIAL PERSONNEL

Except above there has been no change in the key managerial personnel within one year ending on 31st March, 2006. Mr. Manand Bhavsar has been appointed as Company Secretary w.e.f. 2nd December, 2006.

9. ESOS / ESPS Scheme to Employees of the Company

Our Company has not issued any equity shares under ESOS / ESPS to its employees since inception. Our Company does not intend to grant any shares to its employees under ESOS / ESPS scheme from the proposed Rights Issue.

10 Payment or Benefit to Officers of the Company

The officers of the Company do not have any interest in the Company other than to the extent of the remuneration or benefit as per the terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. The Company does not intend to pay or give any consideration for payment of giving of the benefits.

VI. PROMOTER GROUP:

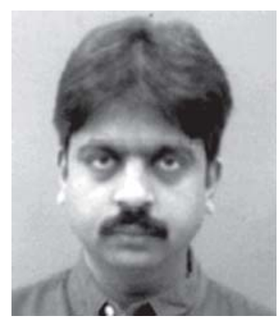
Background of Promoters:

Mr. Sudip B. Patel, aged 44 years, a Bachelor of Engineering in Chemical Engineering from L. D. Engineering College, Ahmedabad and Masters in Chemical Engineering from University Department of Chemical Technology, Bombay, having experience of 23 years in Polymers Industry. He is the Chairman & Joint Managing Director of our company. He also holds degree in MBA with specialization in Finance from Philadelphia College of Textiles & Science, USA. He is the son of Late Shri Bipinbhai Patel, founder of Dutron Group. He looks after the production function of the company. He is also key person for new product development, R&D activity and expansion cum modernization.

Passport No.: E0855437
Driving License No.: GJ01/028249/02
Voter ID No.: Not Available
PAN No.: ACXPP0683M

Mr. Rasesh H. Patel, aged 40 years, a Bachelor of Engineering in Electronics and Communications Engineering from L. D. Engineering College, Ahmedabad and M.S. in Electrical Engineering and MBA in production from Drexel University, Philadelphia, USA. He is son of Late Shri Hasmukhbhai Patel, founder of Dutron Group, having experience of more than 13 years and is a Joint Managing Director of our Company. After completing his education, he joined our company and has been Key Person behind the first Public Issue of the Company. He looks after finance, production and day-to-day administration functions of the company.

Passport No.: T820412
Voter ID No.: Not Available
PAN No.: ABBPP3018R



Mr. Alpesh B. Patel, aged 38 years, a Bachelor of Engineering in Plastic Technology from L. D. Engineering College, Ahmedabad and MBA with specialization in Marketing from Philadelphia College of Textiles & Science, USA, is a Non-executive director of our company. He is son of Late Shri Bipinbhai Patel founder of Dutron Group. He guides our Company in marketing of Dutron products and selection and appointment of dealers in different parts of the country.

Passport No.: F1908456
Voter ID No.: Not Available
PAN No.: ACXPP0702F

Declaration:

The Permanent Account Number, Bank Account Number and Passport Number of the individual Promoters have been submitted to the stock exchanges on which securities are proposed to be listed at the time of filing of the Letter of Offer with them. There are no litigations, disputes towards tax liabilities or criminal/civil prosecution/complaint against the above-mentioned Promoters other than as mentioned in the chapter "Outstanding Litigation, Defaults and Material Developments" of this Letter of Offer.

RELATIONSHIP BETWEEN THE PROMOTERS, DIRECTORS AND THE MANAGERIAL PERSONNEL

Mr. Sudip B. Patel and Mr. Alpesh B. Patel are sons of Late Shri Bipin Patel and are related to each other as brothers. Except this there is no relationship between the managerial personnel and Promoters/Directors.

COMMON PURSUIT

There is no Common Pursuit in the business of the Company and other group companies other than those mentioned in the Annexure X to the Auditor's Report of this Letter of Offer. The group companies are either engaged in manufacturing of plastics products, which are altogether of different range and applications, or are engaged in job work /compounding activities. Since no other entity is engaged in the line of activity in which Company is engaged, there is no conflict of interest that arises from the financial transactions dealt with within the group companies.

RELATED PARTY TRANSACTIONS:

The details of related party transactions are mentioned in Annexure X to the Auditor's Report of this Letter of Offer.

VII. CURRENCY OF PRESENTATION

In this Letter of Offer, unless the context otherwise requires, all references to the word "Lakh" or "Lac", means "One hundred thousand". In this Letter of Offer, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off. All references to "Rupees" and "Rs." in this Letter of Offer are to the legal currency of India.

VIII. DIVIDEND POLICY

The declaration and payment of dividends on Equity Shares is recommended by the Board of Directors and approved by the shareholders of the Company based on the recommendation by the Board of Directors. The Board of Directors may recommend dividend, at its discretion, to be paid to our members after considering several factors, including but not limiting to, future expansion plans and capital requirement, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemption under tax laws available to various categories of investors from time to time and money market conditions.

Our Company is a Profit making Company since its inception and has a track record of paying generous dividend to its shareholders uninterruptedly since year ended on 31st March, 1994.

The summary of dividends declared by DPL for the last 5 financial years are as follows:

Particulars	**For the year ending on**				
	31/03/06	**31/03/05**	**31/03/04**	**31/03/03**	**31/03/02**
Face Value of Equity Share (Rs. per share)	10	10	10	10	10
Dividend including Dividend Tax (in Rs. Lakhs)	33.75	40.5	33.75	27.00	33.06*
Dividend per Equity Share (Rs.)	1.00	1.20	1.00	0.80	1.00
Dividend Rate (%)	10	12	10	8	10

* Interim dividend

The amount paid as dividend in past is not indicative of the Company's dividend policy in future.

E. FINANCIAL DETAILS

I. FINANCIAL INFORMATION OF THE ISSUER COMPANY

AUDITORS' REPORT AS REQUIRED BY PART II OF SCHEDULE II OF THE COMPANIES ACT, 1956

To

The Board of Directors
Dutron Polymers Limited.,
"Dutron House"
Nr. Mithakali Underbridge,
Navrangpura,
Ahmedabad - 380 009.

Dear Sirs,

We have examined the financial information annexed to this report which has been prepared in accordance with the requirements of:

a) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 as amended by circular no SEBI/CFD/DIL/DIP/14/2005/25/1dated January 25, 2005, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992;

c) The instructions dated 15th June 2006 received from Dutron Polymers Limited requesting us to issue a report as Statutory Auditor of the company relating to the Offer Document being issued by the Company in connection with the Rights Issue of Equity shares of Dutron Polymers Ltd.

d) The Guidance Note on Audit Reports/ Certificate on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India (ICAI)

Financial information as per audited financial statements

1. We have examined the attached restated summary statement of assets and liabilities of the Company as at 31st March, 2002, 2003, 2004, 2005 and 2006 and for the half year ended on 30th September 2006 and the attached restated summary statement of profits and losses for the years / Period ended on those dates ('Summary Statements') (See Annexure I and II) as prepared by the Company and approved by the Board of Directors. Preparations of these Statements are the responsibility of Company's Management. These profits/ losses have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes on adjustments appearing in Annexure III to this report.

Based on our examination of these summary statements, we confirm that:

- The impact arising on account of changes in accounting policies and estimates adopted by the Company as at year ended 2006 have been adjusted with retrospective effect in the attached summary statements:
  - The prior period items have been adjusted in the summary statements in the years to which they relate;
  - There are no extraordinary items which need to be disclosed separately in the summary statements; and
  - There are no qualifications in the auditors' reports, which require any adjustments to the summary statements.

2. The summary of Significant Accounting Policies adopted by the Company pertaining to the audited financial statements for the Year ended March 31st 2006 and for the half year ended on 30th September 2006 along with Notes on Accounts thereon are enclosed as Annexure III to this report.

Other Financial Information

3. At your request, we have also examined the following other financial information of the Company proposed to be included in the Offer Document as approved by you and annexed to this report:

Details of other financial information examined	Annexure
Dividend Statement	IV
Details of Other Income	V
Capitalisation statement as at March 31st, 2006	VI
Statement of Tax Shelter (Last 5 years)	VII
Statement of Accounting Ratios	VIII
Details of Secured Loans	IXA
Details of Unsecured Loans	IXB
Details of Related Party Transactions	X
Statement of Cash Flow (as Restated)	XI
Details of Sundry Debtors & Loans & Advances	XII

4. We have examined the "Dividend Statement" enclosed as Annexure IV to this report and report that correctly records the matter therein.
5. We have examined the "Statement of other income" enclosed in Annexure V to this report.
6. We have examined the "Capitalization Statement" enclosed as Annexure VI to this report and report that it correctly records the matters stated therein.
7 We have examined the Statement of Tax Shelters for the years / Period ended 31st March 2002, 2003, 2004, 2005 and 2006 and for the half year ended on 30th September 2006 enclosed as Annexure VII of this report, which in our opinion correctly reflects the "Tax Shelter" for each of those years.
8. We have examined the "Statement of Accounting Ratios" of the Company for the years ended 31st March, 2002, 2003, 2004, 2005 & 2006 and for the half year ended on 30th September 2006 enclosed as Annexure VIII to this report and confirm that they have been correctly computed from the figures as stated in the "Statements of Restated Profits and Losses" and "Statement of Restated Assets and Liabilities" of the Company referred to in paragraph 1 above and read with the notes appended in Annexure III.
9. We have examined the "Statement of Secured Loan" enclosed vide Annexure IXA, Statement of "Unsecured Loan" vide Annexure IXB, Statement of "Sundry Debtors & Loans and Advances" vide Annexure XII as on 31st March 2006 and for the half year ended on 30th September 2006.
10. We have examined the accompanying "Statement of Related Party Transactions" for the Year ended 31st March, 2006 and for the half year ended on 30th September 2006 enclosed as Annexure X to this report and confirm that the relationships and transactions between the Company and its related parties have been appropriately reported in accordance with Accounting Standard 18 (Related Party Disclosures) issued by The Institute of Chartered Accountants of India.
11. We have examined the "Cash Flow Statement" for the year ended 31st March 2002, 2003, 2004, 2005 & 2006 and for the half year ended on 30th September 2006 of Dutron Polymers Limited enclosed as Annexure XI to this report and confirm that, these statements have been prepared by the Company in accordance with the requirement of Accounting Standard 3 (Cash Flow Statements) issued by the Institute of Chartered Accountants of India.
12. We have examined the "Statement of Contingent Liabilities" for the year ended 31st March 2002, 2003, 2004, 2005 & 2006 and for the half year ended on 30th September 2006 of Dutron Polymers Limited enclosed in Annexure XIII to this report.
13. In our view, the financial information as per audited financial statements and other financial information mentioned above have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
14. The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.
15. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of chartered accountants nor should this report be construed as a new opinion on any of the financial statements referred to herein.
16. This report may not be used or relied upon by or disclosed, referred to or communicated by you (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instance and which consent may be given only after full consideration of the circumstances at that time.

For Baheti Bhadada & Associates
Chartered Accountants

Place: Ahmedabad
Date: 15-12-2006

B. K. Baheti
Partner
Membership No. 70818

DUTRON POLYMERS LIMITED

ANNEXURE - I

STATEMENT OF RESTATED PROFIT AND LOSS ACCOUNTS

(Rs. in Lacs)

For the year March 31	30-09-06	2006	2005	2004	2003	2002
Income						
Gross Sales	1362.00	2757.98	4287.69	2064.66	1409.06	1241.16
Less: Excise Duty	86.87	400.74	592.01	264.7	198.63	170.99
Net Sales	1275.13	2357.24	3695.68	1799.96	1210.43	1070.17
Other income	4.82	31.86	64.67	52.78	23.21	28.25
Increase/(Decrease) in Stock	42.56	91.18	-93.23	142.67	-23.33	5.63
Total	**1322.51**	**2480.28**	**3667.12**	**1995.41**	**1210.31**	**1104.05**
Expenditure						
Raw material Consumption	858.92	1885.85	2957.39	1528.16	883.61	777.79
Manufacturing Expenses	276.13	208.39	273.73	168.69	89.05	100.65
Personnel Expenses	33.57	73.20	65.86	38.26	40.43	40.03
Administrative & Other Exp.	41.25	91.45	98.64	76.18	63.94	55.71
Total	**1209.87**	**2258.89**	**3395.62**	**1811.29**	**1077.03**	**974.18**
Operating Profit before Interest Depreciation, Prior Period Expenses	**112.64**	**221.39**	**271.50**	**184.12**	**133.28**	**129.87**
Interest and Finance Charges	44.87	77.83	87.90	21.76	3.43	3.67
Depreciation	28.68	56.66	57.95	60.22	68.46	65.04
Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Operating Profit before Prior Period Expenses	**39.09**	**86.90**	**125.65**	**102.14**	**61.39**	**61.16**
Profit Before Tax & Extraordinary Items	39.09	86.90	125.65	102.14	61.39	61.16
Current Tax	12.00	29.51	43.47	38.25	32.60	25.36
Deferred Tax	0.00	0.00	0.00	0.00	0.00	0.00
NP after Tax Before extraordinary items	**27.09**	**57.39**	**82.18**	**63.89**	**28.79**	**35.80**
Add: Tax provision for earlier years w/back	0.00	0.00	0.00	0.00	0.00	0.00
Add: Deffered Tax reversed	0.00	0.00	0.00	0.00	0.00	0.00
Less: Tax paid for earlier year	0.00	0.00	0.00	0.00	0.00	0.00
NP after Tax BeforeExtraordinary Item	27.09	57.39	82.18	63.89	28.79	35.80
Impact of material adjustmentfor establishment in corresponding years						
Add/ (Less):W/back of liability	0.00	0.00	0.00	0.00	0.00	0.00
Add/ (Less): Deferred Tax	0.00	2.71	-4.59	0.63	0.63	0.00
Add/ (Less): Deferred TaxProvided earlier now reversed	0.00	0.00	0.00	0.00	0.00	0.00
Add/ (Less): Tax adjustment	0.00	0.00	0.00	0.00	0.00	0.00
Add/ (Less): Others	0.00	0.00	0.00	0.00	0.00	0.00
Adjusted Profit (A+B)	27.09	60.10	77.59	64.52	29.42	35.80
C/F Profit from previous year	34.18	27.83	10.74	9.97	7.55	4.81
Total	**61.27**	**87.93**	**88.33**	**74.49**	**36.97**	**40.61**
Appropriations						
Dividend incl. Tax on dividend	0.00	33.75	40.50	33.75	27.00	33.06
General Reserve	0.00	20.00	20.00	30.00	0.00	0.00
Profit (Loss) C/F to Balance Sheet including General Reserves	**61.27**	**34.18**	**27.83**	**10.74**	**9.97**	**7.55**

ANNEXURE - II

STATEMENT OF RESTATED ASSETS AND LIABILITIES

(Rs. in Lacs)

	For the year March 31	30-09-2006	2006	2005	2004	2003	2002
	Fixed Assets	**1155.55**	**1135.29**	**1050.63**	**970.44**	**848.88**	**796.78**
	Gross Block	687.77	659.26	622.30	565.71	505.13	436.32
	Less : Depreciation	467.78	476.03	428.33	404.73	343.75	360.46
	Less: Revaluation Reserve	21.50	21.66	22.02	22.37	22.73	23.09
A	**Net Block**	**446.28**	**454.37**	**406.31**	**382.36**	**321.02**	**337.37**
B	**Investments**	**0.10**	**0.10**	**0.10**	**0.10**	**0.10**	**0.10**
C	**Current Assets**						
	Inventories	437.26	306.89	234.90	303.16	127.62	211.78
	Sundry Debtors	744.27	754.15	996.65	403.41	255.05	215.38
	Cash & Bank Balance	38.85	4.77	13.07	5.05	7.91	1.62
	Loans & Advances	172.83	152.18	163.55	182.40	128.38	181.71
	Total Current Assets	**1393.21**	**1217.99**	**1408.17**	**894.02**	**518.96**	**610.49**
D	**Total Assets (A+B+C)**	**1839.59**	**1672.46**	**1814.58**	**1276.48**	**840.08**	**947.96**
	Less : Liabilities & Provisions						
	Secured Loans	44.52	39.43	78.99	30.38	21.00	45.14
	Unsecured Loans	909.89	835.20	951.93	382.47	44.15	88.97
	Deffered Tax Liabilities	41.47	41.47	44.18	39.59	40.22	40.85
	Deffered Sales Tax Liabilities(Guj. Govt.)	15.88	31.76	70.74	109.71	148.69	187.66
	Current Liabilities	158.17	90.28	89.02	143.60	48.87	66.87
	Provision for Taxation	83.50	75.25	47.00	75.10	68.70	54.10
E	**Total Liabilities**	**1253.43**	**1113.39**	**1281.86**	**780.85**	**371.63**	**483.59**
	Net Worth (D-E)	**586.16**	**559.07**	**532.72**	**495.63**	**468.45**	**464.37**
	REPRESENTED BY						
F	**Share Capital**	300.00	300.00	300.00	300.00	300.00	300.00
	Reserves & Surplus	307.66	280.73	254.74	218.00	192.85	190.79
	Less: Revaluation Reserve	21.50	21.66	22.02	22.37	22.73	23.09
	Less : Misc Expenditure	0.00	0.00	0.00	0.00	1.67	3.33
G	**Net Reserves & Surplus**	286.16	259.07	232.72	195.63	168.45	164.37
H	**Net Worth (F+G)**	**586.16**	**559.07**	**532.72**	**495.63**	**468.45**	**464.37**

ANNEXURE - III

A. NOTES ON ADJUSTMENTS AND SIGNIFICANT ACCOUNTING POLICIES FOR RESTATED FINANCIAL STATEMENTS

Significant Accounting Policies

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of "The Companies Act, 1956." The Significant Accounting Policies are as follows:-

a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

b) Use of Estimates

The presentation of financial statements requires estimates and assumptions to make that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

c) Fixed Assets

Fixed Assets are stated at cost of acquisition, including any attributable cost for bringing the asset to its working condition for its intended use, less accumulated depreciation except in case of some land, building and plant and machinery where it has been adjusted by revaluation.

The Company had revalued its land, building and plant and machinery by Rs. 5411156 in the financial year 1992-93.

d) Depreciation

Depreciation on fixed assets (other than leasehold land which is not amortized) is provided on Straight Line Method and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

e) Accounting for foreign currency transaction

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

f) Income Tax Provision

Income tax provision for current year has been provided as per the advice of the Tax Consultant of the Company.

g) Inventories

A. Inventories are generally valued at cost or market value, whichever is lower.

B. Closing Stock of raw material has been valued at cost price after adjusting CENVAT credit availed. Balance in CENVAT credit account has been grouped along with excise balances under the head of loans and advances. The closing stock of finish goods and scraps material has valued including Excise Duty.

h) Sales

Sales include Excise Duty and exclude Sales Tax.

i) Contingent Liabilities

The Companies have contingent liabilities of Rs. 35.00 lacs on A/C. of Sales Tax. It has deposited Rs. 10 lacs with Sales Tax department under protest and same has been accounted with other depositors under the head of Loans and Advances. The company has not received any final demand notice & amount of liability has not been determined by the Sales Tax Department. Hence, Company has not created any provision for that.

I (A) During the year 2005-06 company have settled the sales tax liabilities as per assessment and A.G. Audit. It has paid Rs. 833302/- against the liabilities arise for the accounting year 1995-96, 1996-97, 1997-98, 1998-99, 1999-00 & 2000-01 which has accounted and paid during the 2005-06. Also Rs. 525689/- has been paid for the year 2003-04 which has accounted in 2005-06. However in the restated accounts it has been adjusted in the year 2003-04 and 2005-06.

j) Provision for Deferred tax

As per the Accounting Standard 22 on 'Accounting for Taxation on Income' issued by the Institute of Chartered Accountants of India, where there is unabsorbed depreciation or carried forward losses, deferred tax assets are recognized only if there is vital certainty of realization of such assets. Considering this, the company has not applied for provision for deferred tax.

k) Segment Reporting

The company is engaged in the manufacturing in HDPE/RIGID PVC Pipes & Fittings. This is the only segment of the company and there is no other reportable segment. Hence segment wise reporting is not applicable to the company.

B NOTES ON ACCOUNTS

1. Previous year's figures have been reworked, regrouped and reclassified wherever necessary.
2. The Company has provided for income tax according to the views of the legal advisers of the Company, viz., M/s. Praful G. Shah, Advocates.
3. The amounts paid of provided by way of remuneration to the two Joint Managing Directors viz., Mr. Sudip B. Patel and Mr. Rasesh H. Patel:

(Rs. In lakhs)

Particulars	**For the Year Ended 31st March**				
	2006	**2005**	**2004**	**2003**	**2002**
Salary	9.60	9.60	9.60	9.12	8.64
Contribution to Provident Fund	1.15	1.15	1.15	1.09	1.04
Provision for gratuity	0.48	0.39	0.29	0.28	0.43
Total	**11.23**	**11.14**	**11.04**	**10.49**	**10.11**

4. Payments in foreign exchange:

(Rs. In lakhs)

Particulars	**For the Year Ended 31st March**				
	2006	**2005**	**2004**	**2003**	**2002**
Technology Know-how Fees	10.93	8.24	7.94	6.19	-
Purchase of Raw Material	169.04	7.88	192.35	50.91	-
Capital Goods	-	-	1.68	-	
Total	**179.97**	**16.12**	**201.97**	**57.10**	**-**

C ACCOUNTING STANDARDS COMPLIANCE

- **AS – 1 : Disclosure of Accounting policies**

  The company is following accrual basis of accounting on a going concern concept. Accounting policies are suitably disclosed as notes annexed to the Balance Sheet and Profit & Loss Account.

- **AS – 2 : Valuation of Inventories**

  As per practice consistently followed items of inventories are measured at lower of cost or net realizable value. Cost of inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing them to their respective present location and condition.

- **AS – 3 : Cash Flow Statements**

  Cash flow statement has been prepared under indirect method.

- **AS – 4 : Contingencies and Event occurring after Balance Sheet Date**

  There are no contingencies and events after the Balance Sheet date that affects the financial position of the company. Subject to clause 6 of Notes to accounts.

- **AS – 5 : Net Profit or Loss for the period, prior period items and changes in Accounting Policies**

  During the period under review, there are no material changes in the accounting policies are consistently followed by the company.

  Profit and Loss Account doesn't contain any item materially affecting and having reference of prior period.

- **AS - 6 : Depreciation Accounting**

  Depreciation on fixed assets is provided on Straight Line method at the rates and manner prescribed Schedule XIV to the Companies Act 1956.

- **AS – 9 : Revenue Recognition**

  i) Income and expenditure are accounted on going concern basis.

- **AS-10 : Accounting for Fixed Assets**

  Fixed assets are stated at cost of acquisition, including any attributable cost for bringing the assets to its working condition for its intended use, less accumulated depreciation.

  The Company had revalued its land, building and plant and machinery by Rs. 5411156 in the financial year 1992-93.

- **AS –11 : Accounting for the effects of changes in foreign exchange rate**

  a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.

- **AS -12 : Accounting for government grants**

  The company has not received any government grant.

- **AS - 15 : Accounting for retirement benefits**

  Contributions to defined contribution scheme such a Provident Fund, Employees Pension Scheme, are changed to the Profit & Loss Account as incurred.

- **AS - 17 : Segment reporting**

  The company is dealing in only one segment namely infrastructure development segment.

- **AS - 18 : Related party disclosure**

Name of the Related party	**Description of Relationship**	**Nature of Transaction**	**Amount of transaction (Rs.) 2004**		**transaction (Rs.) 2005**		**Amount of transaction (Rs.) 2006**	
			Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Bipinchandra T. Patel	Chairman	Interest	-	-	253333	-	170830	-
Sudip B. Patel	Jt. Managing Director	Interest	515707	-	1749374	-	2180100	-
Rasesh H. Patel	Jt. Managing Director	Interest	1204285	-	2223821	-	1819419	-
Dutron Plastics Ltd.	Group Company	Interest	170328	-	1302164	-	247725	-
Dutron Plastics Ltd.	Group Company	Office Rent	60000	-	60000	-	60000	-

Name of the Related party	Description of Relationship	Nature of Transaction	Amount of transaction (Rs.) 2004		Amount of transaction (Rs.) 2005		Amount of transaction (Rs.) 2006	
Technoplast Eng. Co.	Group Company	Purchase and Services	2556650	1.24	1765247	0.41	1505323	0.35
Dutron Plastics Ltd.	Group Company	Purchase of Raw materials	554225	0.27	1056448	0.25	897617	0.21
Nippon Polymers P. Ltd.	Group Company	Purchase of Raw materials	-	-	-	-	-	-
Dutron Plastics (Bharuch)	Group Company	Purchase of Raw materials	154744	0.07	90538	0.02	20938	0.005
Dutron Telecom P. Ltd.	Group Company	Purchase & Services	69330	0.03	109708	0.03	93212	0.02
Sudip B. Patel	Jt. Managing Director	Salaries	480000	-	480000	-	480000	-
Rasesh H. Patel	Jt. Managing Director	Salaries	480000	-	480000	-	480000	-
Alpesh B. Patel	Director	Interest	31000	-	784449	-	1680759	-
Kapilaben H. Patel	Share Holder within the Promoter Group	Interest	106750	-	232458	-	823842	-
Chandraprabha B. Patel	Share Holder within the Promoter group	Interest	30000	-	30833	-	137128	-
Bipincahndra T. Patel (HUF)	Share Holder within the Promoter Group	Interest	-	-	175000	-	-	-
Cosmofil Plasticsack P. Ltd.	Group Company	Purchase	-	-	179264	0.04	195233	0.05
Nippon Polymers P. Ltd	Group Company	Rent	960000	-	960000	-	960000	-

Note: No Declaration about the six month working ended on 30th September 2006 has been provided.

- **AS - 20: Earning Per Share**

  Disclosure is made in Profit & Loss Account as per the requirement of the standard.

- **AS - 21 : Consolidated Financial Statements**

  The company doesn't have any subsidiary and hence this standard on presenting consolidated financial statements does not arise.

- **AS - 22 : Accounting for Taxes on Income**

  As per AS-22 Accounting for Taxes on Income, the Company has to provide for Deferred Tax Assets/Liabilities while preparing its Profit & Loss Account.

  The Company has not followed AS-22 while preparing its annual financial statements. However, while preparing the audited restated financial statements, the effect of deferred tax assets/liabilities have been given at appropriate places.

- **AS - 25 : Interim Financial Reporting**

  The Company has complied with requirement of interim financial reporting as per AS 25.

- **AS - 26 : Intangible Assets**

  Intangible Assets are stated at cost acquisition. Technical Know-How Expenditure is amortized at the rate of 10.34%.

- **AS - 28 : Impairment of Assets.**

  The Company has not carried out the exercise of deriving Actuarial valuation of fixed assets in past five years hence the application of this accounting standard is not possible for the want of such valuation.

ANNEXURE-IV

Dividend Statement

Particulars	For the year ending on					
	30/09/06	**31/03/06**	**31/03/05**	**31/03/04**	**31/03/03**	**31/03/02**
Face Value of Equity Share (Rs. per share)	0	10	10	10	10	10
Dividend including Dividend Tax (in Rs. Lakhs)	0	33.75	40.5	33.75	27.00	33.06
Dividend per Equity Share (Rs.)	0	1.00	1.20	1.00	0.80	1.00
Dividend Rate (%)	0	10	12	10	8	10

ANNEXURE-V

Statement of Other Income

(Rs. In Lakhs)

Particulars	For the year ending on				
	31/03/06	**31/03/05**	**31/03/04**	**31/03/03**	**31/03/02**
Recurring-Non-related to businessIncome from rent	9.60	9.60	9.60	9.60	2.40
Recurring related to businessIncome from Services	12.24	48.82	38.72	7.01	21.63
Sale of scraps	4.91	6.25	4.13	6.12	4.22
Non-recurring-not related to businessOthers	5.11	-	0.33	0.48	-
Total	**31.86**	**64.67**	**52.78**	**23.21**	**28.25**
Net profit before tax as restated	**81.64**	**125.65**	**102.14**	**61.39**	**61.16**

Notes:

1. Our Company has rented its land and building situated at Vatva to Nippon Polymers Pvt. Limited. Income from rent represents the rent payment by Nippon Polymers Pvt. Limited to our Company.
2. Income from services represents the income from turnkey projects undertaken by our Company.

ANNEXURE-VI

Capitalization Statement

Table showing debt equity ratio: Pre Issue and Post Issue [Rs. in Lakhs]

Details	Pre Issue [As on 30.09.06]	Post Issue [Immediately after the issue]
Debt		
Short Term Debt	44.52	44.52
Long Term Debt	909.89	909.89
Total Debt	954.41	954.41
Shareholders' Fund		
Share Capital	300.00	600.00
Reserves	307.66	607.66
Less: Revaluation Reserve	21.50	21.50
Less: Profit and Loss Debit balance	—--	
Total Shareholders' Fund	586.16	1186.16
Long Term Debt/Equity Ratio	1.55:1	0.77:1
Total Debt /Networth	1.63:1	0.80:1

ANNEXURE - VII
STATEMENT OF TAX SHELTER

(Rs. In lakhs)

For the year March 31	30/09/06	2006	2005	2004	2003	2002
Profit/(Loss) before tax butafter extra-ordinary items as per books (A)	39.09	86.90	125.65	102.14	61.39	61.16
Tax rate thereon	33.66%	33.66%	36.59%	35.88%	36.75%	35.70%
Tax at the above rate	12.00	29.25	45.98	36.65	22.56	21.83
Adjustments						
Permanent Difference	0	0	0	0	0	0
Share of Profit u/s 10 (2A)	0.	0	0	0	0	0
Total Permanent Differences (B)	0	0	0	0	0	0
Timing Differences						
Loss/Profit on sale of Fixed Assets	0	-5.11	2.03	0	0	0
Depreciation (diff. Of IT & Book Values)	0	7.56	-12.78	1.77	25.45	21.11
Others (43 B items & Donations)	0	0.5	0	0.15	0	0
Annuity Period Expenses	0	0	0	0	0	0
80 IA	0	0	0	0	0	-24.64
Total Timing Differences (C)	0	2.95	-10.75	1.92	25.45	-3.53
Net Adjustments (B+C)	0	2.95	-10.75	1.92	25.45	-3.53
Tax Expenses / (Savings thereon)	0	0.99	-3.93	0.69	9.35	-1.26
Profit/(Loss) as per IT return						
Taxable Income / (Loss) (D+E)						
Taxable Income as per MAT	39.09	86.90	125.65	102.14	61.39	61.16
Tax as per Income Tax as Returned	12.00	28.26	49.91	35.96	13.21	23.10

Notes:

1.The aforesaid statement of Tax Shelter has been prepared as per the standard Audited Accounts of the Company and is not based on the profits as per “Summary of restated statements or Profit & Loss Account.”

2.The permanent / temporary Timing Differences have been computed considering the acknowledged copies of the income tax returns filed by the Company for each of the respective years stated above.

ANNEXURE – VIII

KEY ACCOUNTING RATIOS

Sr. No.	Particulars	30.09. 06	2006	2005	2004	2003	2002
1	Net Profit (Restated) (Rs. in Lakhs)	27.09	60.10	77.59	64.52	29.42	35.80
2	Equity Shares (Nos of shares)	3000000	3000000	3000000	3000000	3000000	3000000
3	Equity Capital (Rs. in Lakhs)	300.00	300.00	300.00	300.00	300.00	300.00
4	Net Worth- Restated (Rs. in Lakhs)	586.16	559.07	532.72	495.63	468.45	464.37
5	Earning Per Share (in Rs.)	0.90	2.00	2.59	2.15	0.98	1.19
6	Net Asset Value Per Share (In Rs.)	19.54	18.64	17.76	16.52	15.61	15.48
7	Return on Net Worth (%)	4.62%	10.75%	14.56%	13.02%	6.28%	7.71%

ANNEXURE – IXA

DETAILS OF SECURED LOANS AS AT 30th SEPTEMBER , 2006

(Rs. In Lakhs)

For the year March 31	30.09.06	2006	2005	2004	2003	2002
Corporation Bank(Against Fixed Deposits)	0	0	29.58	30.38	21.00	30.65
The A'bad Merc. Co.op Bank	0	0	0	0	0	14.49
Corporation Bank – CC*	44.52	39.43	49.84	0	0	0
Total	**44.52**	**39.43**	**79.42**	**30.38**	**21.00**	**45.14**

***Secured by way of hypothecation of movables and charge on the current assets of the Company and Rate of Interest is 11.25% p.a., i.e., COBAR +0.75% at present, subject to revision from time to time.**

ANNEXURE – IXB

DETAILS OF UNSECURED LOANS AS AT 30th SEPTEMBER, 2006

(Rs. In Lakhs)

For the year March 31	30.09.06	2006	2005	2004	2003	2002
From Shareholders falling within the promoter group*	242.43	201.87	273.39	24.01	0	0
From Directors*	654.71	620.87	664.89	344.26	29.54	73.4
Deferred Sales Tax Liability	15.88	31.76	70.74	109.71	148.68	187.66
Customers' Security Deposits	12.75	12.45	13.65	14.2	14.61	15.56

- Note:

i. The unsecured loans taken from the Directors viz. Mr. Rasesh Patel, Mr. Sudip Patel and Mr. Alpesh Patel, at the rate of interest of 9% p.a. are repayable on demand.

ii. The unsecured loans taken from the shareholders falling under the promoter group viz. Mrs. Kapila Patel and Mrs. Chandraprabha Patel at the rate of interest of 9% p.a. are repayable on demand.

ANNEXURE – X

RELATED PARTIES TRANSACTION

Disclosures in respect of transaction with related parties, as defined in Accounting Standard 18 issued by the Institute of Chartered Accountants of India, which have taken place during the year under review are given below:

Name of the Related party	**Description of Relationship**	**Nature of Transaction**	**Amount of transaction (Rs.) 2004**		**Amount of transaction (Rs.) 2005**		**Amount of transaction (Rs.) 2006**	
			Amount	% of Sales	Amount	% of Sales	Amount	% of Sales
Bipinchandra T. Patel	Chairman	Interest	-	-	253333	-	170830	-
Sudip B. Patel	Jt. Managing Director	Interest	515707	-	1749374	-	2180100	-
Rasesh H. Patel	Jt. Managing Director	Interest	1204285	-	2223821	-	1819419	-
Dutron Plastics Ltd.	Group Company	Interest	170328	-	1302164	-	247725	-
Dutron Plastics Ltd.	Group Company	Office Rent	60000	-	60000	-	60000	-
Technoplast Eng. Co.	Group Company	Purchase and Services	2556650	1.24	1765247	0.41	1505323	0.35
Dutron Plastics Ltd.	Group Company	Purchase of Raw materials	554225	0.27	1056448	0.25	897617	0.21
Nippon Polymers P. Ltd.	Group Company	Purchase of Raw materials	-	-	-	-	-	-
Dutron Plastics (Bharuch)	Group Company	Purchase of Raw materials	154744	0.07	90538	0.02	20938	0.005
Dutron Telecom P. Ltd.	Group Company	Purchase & Services	69330	0.03	109708	0.03	93212	0.02
Sudip B. Patel	Jt. Managing Director	Salaries	480000	-	480000	-	480000	-
Rasesh H. Patel	Jt. Managing Director	Salaries	480000	-	480000	-	480000	-
Alpesh B. Patel	Director	Interest	31000	-	784449	-	1680759	-
Kapilaben H. Patel	Share Holder within the Promoter Group	Interest	106750	-	232458	-	823842	-
Chandraprabha B. Patel	Share Holder within the Promoter group	Interest	30000	-	30833	-	137128	-
Bipincahndra T. Patel (HUF)	Share Holder within the Promoter Group	Interest	-	-	175000	-	-	-
Cosmofil Plasticsack P. Ltd.	Group Company	Purchase	-	-	179264	0.04	195233	0.05
Nippon Polymers P. Ltd	Group Company	Rent	960000	-	960000	-	960000	-

Note: No Declaration about the six month working ended on 30th September 2006 has been provided.

ANNEXURE – XI

RESTATED CASH FLOW STATEMENTS

(Rs. In Lakhs)

	For the year March 31	30-09-06	2006	2005	2004	2003	2002
A	**Cash Flow fromOperating Activities**						
	Profit Before Tax &Extraordinary Items	39.09	81.64	125.64	102.14	61.38	61.16
	Adjustment for:						
	Depreciation	28.68	56.66	57.96	60.22	68.45	65.04
	Profit/loss on sale of Fixed Assets	0.00	-5.11	2.03	0.00	0.00	0.00
	Excess Tax Provision/Def Tax Liability	0.00	0.00	0.00	0.00	0.00	0.00
	Preliminary Expenses W/off	0.00	0	0	1.67	1.67	1.67
	Operating Profit before Working Capital	67.77	133.19	185.63	164.03	131.50	127.87
	Changes						
	Adjustment for						
	Inventories	130.37	71.99	-68.26	175.53	-84.15	85.35
	Sundry Debtors	-9.89	-242.51	593.24	148.37	39.66	-75.29
	Loans & Advances	6.62	-47.4	7.73	42.31	-44.57	83.98
	Sundry Creditors & Other Liabilities	-93.00	0.24	80.5	-83.41	41.73	-37.36
	Provisions	-4.89	-12.76	-19.92	-0.06	0.28	-0.10
	Deferred Tax Liability						
	Less: Direct Tax Paid	17.93	41.04	49.48	47.3	12.25	39.29
	Net Cash From Operation	20.63	322.59	-457.14	-166.01	166.30	32.01
B	**Cash Flow from Investment Activities**						
	Addition to Fixed Assets	-20.46	-105.81	-84.24	-121.56	-52.1	-9.02
	Deletion to Fixed Assets (net)	0.00	6.20	0.3	0.00	0.00	0.00
	Redemption/(Purchase) of Investments	0.00	0	0	0	0	-0.10
	Dividend Received						
	Interest Received						
	Net Cash used in investing activities	-20.46	-99.61	-83.94	-121.56	-52.10	-9.12
C	**Cash Flow from Financial Activities**						
	Proceeds from Issue of Share Capital	0.00	0.00	0.00	0.00	0.00	0.00
	Proceeds from Long Term Borrowings	63.91	-195.28	579.1	308.72	-107.92	44.62
	Proceeds from Short Term Borrowings						
	Dividends paid	-30.00	-36	-30	-24	0	-69.00
	Finance Charges paid (Net)						
	Net Cash from Financing Activities	33.91	-231.28	549.10	284.72	-107.92	-24.38
D	**Net Increase in Cash & Cash Equivalents**						
	(A+B+C)	34.08	-8.30	8.02	-2.85	6.28	-1.49
	Opening Cash & Cash Equivalent	4.77	13.07	5.05	7.91	1.62	3.11
	Closing Cash & Cash Equivalent	38.85	4.77	13.07	5.06	7.90	1.62

ANNEXURE – XII

AGE WISE ANALYSIS OF DEBTORS

(Rs. In lakhs)

Particulars	30/09/06	2006	2005	2004	2003	2002
Debts outstanding for a period exceeding six months(considered good)	0	231.72	102.26	24.07	24.33	33.42
Related Parties	Nil	Nil	Nil	Nil	Nil	Nil
In Percentage terms **(A)**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Other Parties (not related to Promoters)	Nil	231.72	102.26	24.07	24.33	33.42
In Percentage terms **(B)**	0.00%	**30.73%**	**10.26%**	**5.97%**	**9.54%**	**15.52%**
Debts outstanding for a periodnot exceeding six months(considered good)	744.23	522.43	894.4	379.34	230.72	181.96
Related Parties	Nil	Nil	Nil	Nil	Nil	Nil
In Percentage terms **(C)**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Other Parties (not related to Promoters)	744.23	522.43	894.4	379.34	230.72	181.96
In Percentage terms **(D)**	**100.00%**	**69.27%**	**89.74%**	**94.03%**	**90.46%**	**84.48%**
TOTAL SUNDRY DEBTORS	**744.23**	**754.15**	**996.66**	**403.41**	**255.05**	**215.38**
TOTAL PERCENTAGE (A+B+C+D)	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

ANNEXURE – XII

Contingent Liabilities

(Rs. In Lakhs)

Particulars	30-09-06	2006	2005	2004	2003	2002
Sales Tax Liabilities	15.88	15.00	130.49	-	-	-

II. FINANCIAL INFORMATION OF THE GROUP COMPANIES

A. DETAILS OF LISTED COMPANIES WITHIN THE PROMOTER GROUP COMPANIES.

There are no listed Companies within the Promoter Group Companies.

B. DETAILS OF UNLISTED COMPANIES WITHIN THE PROMOTER GROUP COMPANIES.

1. Dutron Plastics Limited:

Profile:

Dutron Plastics Limited was originally incorporated as 'Dutron Plastics Private Limited' on 21st March 1973 by Mr. Hasmukhbhai T. Patel and Mr. Bipinbhai T. Patel (founder promoters of Dutron Polymers Ltd.). The company is carrying on the business of manufacturing Rigid and Flexible PVC pipes and Pipe-fittings. The Company was converted into Public Limited Company on 10th April 2001.

The Board of Directors of the company comprises of Mr. Sudip B. Patel, Mr. Rasesh H. Patel and Mr. Alpesh B. Patel.

The Authorized, Issued, Subscribed and Paid-up Equity Share capital of the Company is Rs.1,00,00,000/- (Rupees one hundred lakhs) divided into 1,00,000 (one lakh) Equity Shares of Rs.100/- each.

Shareholding Pattern as on 31st March 2006:

Name of the shareholder	No. of shares	% of holding
Shri Hasmukhlal T. Patel (HUF)	10,000	10.00%
Mrs. Kapilaben H. Patel	15,000	15.00%
Mr. Rasesh H. Patel	12,000	12.00%
Mrs. Chandraprabha B. Patel	10,000	10.00%
Mr. Sudip B. Patel	10,000	10.00%
Mr. Alpesh B. Patel	10,000	10.00%
Mrs. Chandramani C. Patel	10,500	10.50%
Mr. Kirtikumar C. Patel	5,000	5.00%
Mrs. Jyoti Sudip Patel	2,500	2.50%
Mrs. Trupti A. Patel	2,500	2.50%
Mr. Kiritbhai C. Patel	5,000	5.00%
Mrs. Smita K. Patel	5,000	5.00%
Ms. Jinal K. Patel	2,500	2.50%
Total	**1,00,000**	**100.00**

Financial Performance:

The brief financials of Dutron Plastics Limited for the last five years based on audited financial statements are as under:

(Rs. in lakhs)

Particulars	For the financial year as at March 31				
	2002	2003	2004	2005	2006
	Audited	Audited	Audited	Audited	Audited
Sales	**2166.59**	**2072.15**	**2000.26**	**1984.75**	**2196.71**
Total Income	2225.99	2097.77	2034.50	2025.41	2240.99
Profit after Taxation	186.30	72.33	64.49	59.25	147.05
Share Capital	100.00	100.00	100.00	100.00	100.00
Reserves & Surplus	1027.23	1077.06	1047.32	1084.08	1197.37
Net Worth	1127.23	1177.06	1147.32	1184.08	1297.37
Earning per share (EPS) (Rs.)	186.30	72.30	64.49	59.25	147.05
Net asset Value per share(Rs)	1127.23	1177.06	1147.32	1184.08	1297.37
Dividend (%)(Including Interim Dividend)	10%	20%	20%	20%	30%

2. Nippon Polymers Pvt. Ltd.

Profile:

Nippon Polymers Private Limited was incorporated on 17th October, 1981 by Mr. Hasmukhbhai T. Patel and Mr. Bipinbhai T. Patel (founder Promoters of Dutron Polymers Ltd.). The Company is carrying on the business of manufacturing Braided PVC Hose Pipes and Plastic Sheets.

The Board of Directors of the company comprises of Mr. Sudip B. Patel, Mr. Rasesh H. Patel and Mr. Alpesh B. Patel.

The Authorized, Issued, Subscribed and Paid-up equity share capital of the company is Rs. 15,00,000/- divided into 1,50,000 Equity shares of Rs. 10/- each. Out of these shares, 1,20,000 Shares were issued as bonus shares.

Shareholding Pattern as on 31st March, 2006:

Name of the shareholder	No. of shares	% of holding
Shri Hasmukhlal Patel (HUF)	26,500	17.67%
Mrs. Kapilaben H. Patel	7,500	5.00%
Mr. Rasesh H. Patel	10,500	7.00%
Ms. Neeta H. Patel	5,000	3.33%
Mrs. Chandraprabhaben Patel	37,000	24.67%
Mr. Sudip B. Patel	12,000	8.00%
Mr. Alpesh B. Patel	12,000	8.00%
Ms. Jagruti B. Patel	500	0.33%
Mrs. Chandramani C. Patel	8,500	5.67%
Mr. Kirtikumar C. Patel	8,500	5.67%
Mr. Bharat Patel	5,000	3.33%
Mrs. Jyotiben S. Patel	5,000	3.33%
Mrs. Truptiben A. Patel	5,000	3.33%
Ms. Nilay S. Patel	1,000	0.67%
Ms. Puja A. Patel	1,000	0.67%
Mrs. Smitaben K. Patel	5,000	3.33%
Total	**1,50,000**	**100.00**

Financial Performance:

The brief financials of Nippon Polymers Private Limited for the last five years based on audited financial statements are as under:

(Rs. in lakhs)

Particulars	For the financial year as at March 31				
	2002	**2003**	**2004**	**2005**	**2006**
	Audited	**Audited**	**Audited**	**Audited**	**Audited**
Sales	**879.30**	**907.93**	**950.42**	**1088.65**	**1155.35**
Total Income	891.99	912.09	954.44	1099.37	1166.93
Profit after Taxation	40.28	25.82	29.12	32.08	42.12
Share Capital	15.00	15.00	15.00	15.00	15.00
Reserves & Surplus	268.13	290.59	316.34	345.05	383.79
Net Worth	283.13	305.59	331.34	360.05	398.79
Earning per share (EPS) [Rs.]	26.33	17.21	19.41	21.39	28.08
Net Asset Value per share [Rs]	188.75	203.73	220.89	240.03	265.86
Dividend (%)(Including Interim Dividend)	60%	20%	20%	20%	20%

3. Dutron Telecom Private Limited:

Profile:

Dutron Telecom Private Limited was originally incorporated as Dutron Finance Private Limited on 25th November 1994 as a Non Banking Finance Company duly registered with the RBI. Subsequently, the company surrendered its Registration as NBFC to RBI. The company changed its name to Dutron Telecom Pvt. Ltd. w.e.f. 03.06.1999 to undertake, inter alia, trading in Telecom Equipments and software services. Since the financial year 2003-2004, it has discontinued the said trading activities. The company is presently engaged in providing services of maintenance of accounting software of all the companies of Dutron Group.

The Board of Directors of the company comprises of Mr. Rasesh H. Patel and Mr. Sudip B. Patel.

The Authorized Share Capital is Rs. 50,00,000/- divided into 5,00,000 Equity shares of Rs 10/- each. The Issued Subscribed and Paid Up capital is Rs. 5,00,300/- divided into 50,030 Equity shares of Rs. 10/- each.

Shareholding Pattern as on 31st March 2006:

Name of the shareholder	No. of shares	% of holding
Mr. Rasesh H. Patel	20,010	39.98%
Mr. Sudip B. Patel	15,010	30.01%
Mr. Alpesh B. Patel	15,010	30.01%
Total	**50030**	**100.00**

Financial Performance:

The brief financials of Dutron Telecom Private Limited for the last three years based on audited financial statements are as under: (Rs. in lakhs)

Particulars	For the year / period ended / As at March 31			
	2003	**2004**	**2005**	**2006**
	Audited	**Audited**	**Audited**	**Audited**
Sales	**4.13**	**13.02**	**7.35**	**13.02**
Total Income	6.06	7.13	8.66	25.53
Profit after Taxation	(7.89)	(5.89)	(1.74)	10.43
Share Capital	5.00	5.00	5.00	5.00
Reserves & Surplus	Nil	Nil	Nil	Nil
Net Worth	(12.48)	(18.37)	(20.11)	(9.68)
Earning per share (EPS) (Rs.)	(15.76)	(11.78)	(3.49)	20.84
Net Asset Value	(24.96)	(36.74)	(40.22)	(19.34)

1. None of the above companies have made public or right issue in the preceding three years.
2. None of the companies has become a sick company within the meaning of the Sick Industrial Companies (Special Provision) Act, 1995 or is under winding up.

C. DETAILS OF PARTNERSHIP FIRMS WITHIN THE PROMOTER GROUP

1. Dutron Plastics (Bharuch)

Profile:

Dutron Plastic (Bharuch) is a partnership firm constituted among Mr. Sudip B. Patel, Mr. Rasesh H. Patel and Mr. Alpesh B. Patel as partners. The Partnership Deed of the firm was registered on 31/03/93. The firm is engaged in manufacturing of flexible Hose Pipes.

The capital of the three partners as at 31st March, 2006:

(Rs. in lakhs)

Partner	Amount
Mr.Sudip B. Patel	45.35
Mr. Rasesh H. Patel	92.56
Mr. Alpesh B. Patel	26.89
Total	**164.80**

Financial Performance:

The brief financials of Dutron Plastics (Bharuch) for the last three years based on audited financial statements are as under:

(Rs. in lakhs)

Particulars	For the Year as at 31st March		
	2004	2005	2006
	Audited	Audited	Audited
Sales	**601.91**	**531.95**	**621.31**
Total Income	607.44	533.70	622.58
Profit after Taxation	37.94	31.79	38.40
Capital Account Balance	125.72	119.59	164.80

2. Dutron Polymers

Profile:

Dutron Polymers is a partnership firm constituted among Mrs. Chandraprabhaben B. Patel, Mrs. Kapilaben H. Patel, Mr. Sudip B. Patel and Mr. Alpesh B. Patel as partners. The Partnership Deed of the firm was registered on 01/04/99. The firm is engaged in jobwork and compounding activities.

The capital of the four partners as at 31st March, 2006:

(Rs. in lakhs)

Partner	Amount
Mrs. C. B. Patel	3.59
Mrs. K. H. Patel	3.76
Mr. S. B. Patel	1.16
Mr. A. B. Patel	1.16
Total	**9.67**

Financial Performance:

The brief financials of Dutron Polymers for the last three years based on audited financial statements are as under:

(Rs. in lakhs)

Particulars	For the Year as at 31st March		
	2004	2005	2006
	Audited	Audited	Audited
Sales	**-**	**-**	**-**
Jobwork Income	101.37	104.16	111.94
Profit after Taxation	42.32	38.93	49.22
Capital Account Balance	5.89	8.89	9.67

3. Techno Plast Engineering Co.

Profile:

Techno Plast Engineering Co. is a partnership firm with Mr. Sudip B. Patel, Mrs. Jyoti S. Patel, Mr. Rasesh H. Patel and Mr. Alpesh B. Patel as partners. The Partnership Deed of the firm was registered on 01/04/93. The firm is engaged in trading of Dies and Moulds and maintenance of plant and machineries activities.

The capital of the four partners as at 31st March, 2006:

(Rs. in lakhs)

Partner	Amount
Mr. Sudip B. Patel	0.47
Mrs. Jyoti S. Patel	0.17
Mr. Rasesh H. Patel	0.88
Mr. Alpesh B. Patel	0.76
Total	**2.28**

Financial Performance:

The brief financials of Techno Plast Engineering Co. for the last three years based on audited financial statements are as under: (Rs. in lakhs)

Particulars	For the Year as at 31st March		
	2004	2005	2006
	Audited	Audited	Audited
Sales	**47.68**	**41.72**	**61.54**
Total Income	53.01	48.85	71.01
Profit after Taxation	9.08	10.10	13.76
Capital Account Balance	1.19	0.65	2.08

4. Dura Vinyle Industries

Profile:

Dura Vinyle Industries is a partnership firm with Mr. Sudip B. Patel, Mrs. Trupti A. Patel, Mr. Rasesh H. Patel and Mr. Alpesh B. Patel as partners. The Partnership Deed of the firm was registered on 01/04/93. The firm is engaged in jobwork and compounding activities.

The capital of the four partners as at 31st March, 2006:

(Rs. in lakhs)

Partner	Amount
Mr. S. B. Patel	1.75
Mrs. T. A. Patel	1.57
Mr. R. H. Patel	2.02
Mr. A. B. Patel	1.50
Total	**6.84**

Financial Performance:

The brief financials of Dura Vinyle Industries for the last three years based on audited financial statements are as under:

(Rs. in lakhs)

Particulars	For the Year as at 31st March		
	2004	2005	2006
	Audited	Audited	Audited
Jobwork Income	40.24	38.84	43.18
Profit after Taxation	15.16	11.96	17.26
Capital Account Balance	8.83	10.26	6.84

(a) The Promoters have not dissociated themselves from any of the above companies /firms during preceding three years.

(b) There is no Common Pursuit in the business of the Company and other group companies other than those mentioned in the Annexure X to the Auditor's Report of this Letter of Offer. The group companies are either engaged in manufacturing of plastics products, which are altogether of different range and applications, or are engaged in job work /compounding activities. Since no other entity is engaged in the line of activity in which the Company is engaged, there is no conflict of interest situation that arises from the financial transactions dealt with within the group companies.

(c) There is no transactions of sales or purchases among the companies in the promoter group which exceeds in value in the aggregate 10% of the total sales or purchases of our Company.

a. CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

There has been no change in the Accounting Policies of the Company during the last three years, which would materially affect the results of the Company.

IV. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION AS REFLECTED IN FINANCIAL STATEMENTS.

1. Overview of the business of the Company:

Ours is a company engaged in the business of manufacture of HDPE and PVC pipes and Pipe fittings. On account of good and consistent quality, timely delivery, after sale service and above all fair trade practice, our Company's products are well known and well accepted in the market and command reputation as compared to the competitors. Our Company has technical collaboration for manufacturing of HDPE and PVC pipes with Wavin Overseas B.V., Netherlands, the largest plastic pipe processors in Europe since last 10 years. Our Company's Equity Shares are presently listed at BSE. Our Company is a leading company in the field of plastic pipe processors in India. Brand names of Dutron Group Products are Dutron Kanaflex PVC suction and Delivery Hoses, Duct Hoses, Oil Hoses and Non-toxic Hoses, Duplon Flat Delivery Hoses, Duplon Braided PVC Hoses & Dutroflex Corrugated Pipes. Our Company has presence all over the country through marketing and distribution network of 82 dealers at strategic locations. Our Company also undertakes turnkey jobs such as manufacturing and laying of pipelines as per the customer requirement and for the purpose has formed teams for carrying out pipe welding as well as installation including pressure testing. Our Company also has fully equipped laboratory with totally computerized imported machines for carrying out quality checks for raw material as well as finished goods. Our Company has track record for regular and consistent payment of dividend to its shareholders.

2. Significant Developments subsequent to the last financial year

In the opinion of the Directors, there have not arisen, since the date of the last financial statements disclosed in the Letter of Offer, any circumstances that materially and adversely affect the business or profitability of the Company, or the value of its assets, or its ability to pay liabilities within the next 12 months.

3. Comparison of significant items of income and expenditure of the company for the past three years:

(Rs. in Lacs)

For the year March 31	30-09-06	2006	2005	2004	2003	2002
Income						
Gross Sales	1362.00	2757.98	4287.69	2064.66	1409.06	1241.16
Less: Excise Duty	86.87	400.74	592.01	264.7	198.63	170.99
Net Sales	1275.13	2357.24	3695.68	1799.96	1210.43	1070.17
Other income	4.82	31.86	64.67	52.78	23.21	28.25
Increase/(Decrease) in Stock	42.56	91.18	-93.23	142.67	-23.33	5.63
Total	**1322.51**	**2480.28**	**3667.12**	**1995.41**	**1210.31**	**1104.05**
Expenditure						
Raw material Consumption	858.92	1885.85	2957.39	1528.16	883.61	777.79
Manufacturing Expenses	276.13	208.39	273.73	168.69	89.05	100.65
Personnel Expenses	33.57	73.20	65.86	38.26	40.43	40.03
Administrative & Other Exp.	41.25	91.45	98.64	76.18	63.94	55.71
Total	**1209.87**	**2258.89**	**3395.62**	**1811.29**	**1077.03**	**974.18**
Operating Profit before Interest Depreciation, Prior Period Expenses	**112.64**	**221.39**	**271.50**	**184.12**	**133.28**	**129.87**
Interest and Finance Charges	44.87	77.83	87.90	21.76	3.43	3.67
Depreciation	28.68	56.66	57.95	60.22	68.46	65.04
Amortization	0.00	0.00	0.00	0.00	0.00	0.00
Operating Profit before Prior Period Expenses	**39.09**	**86.90**	**125.65**	**102.14**	**61.39**	**61.16**
Profit Before Tax & Extraordinary Items	39.09	86.90	125.65	102.14	61.39	61.16
Current Tax	12.00	29.51	43.47	38.25	32.60	25.36
Deferred Tax	0.00	0.00	0.00	0.00	0.00	0.00
NP after Tax Before extraordinary items	**27.09**	**57.39**	**82.18**	**63.89**	**28.79**	**35.80**
Add: Tax provision for earlier years w/back	0.00	0.00	0.00	0.00	0.00	0.00
Add: Deffered Tax reversed	0.00	0.00	0.00	0.00	0.00	0.00
Less: Tax paid for earlier year	0.00	0.00	0.00	0.00	0.00	0.00
NP after Tax BeforeExtraordinary Item	27.09	57.39	82.18	63.89	28.79	35.80
Impact of material adjustmentfor establishment in corresponding years						
Add/ (Less):W/back of liability	0.00	0.00	0.00	0.00	0.00	0.00
Add/ (Less): Deferred Tax	0.00	2.71	-4.59	0.63	0.63	0.00
Add/ (Less): Deferred Tax Provided earlier now reversed	0.00	0.00	0.00	0.00	0.00	0.00
Add/ (Less): Tax adjustment	0.00	0.00	0.00	0.00	0.00	0.00
Add/ (Less): Others	0.00	0.00	0.00	0.00	0.00	0.00
Adjusted Profit (A+B)	27.09	60.10	77.59	64.52	29.42	35.80
C/F Profit from previous year	34.18	27.83	10.74	9.97	7.55	4.81
Total	**61.27**	**87.93**	**88.33**	**74.49**	**36.97**	**40.61**
Appropriations						
Dividend incl. Tax on dividend	0.00	33.75	40.50	33.75	27.00	33.06
General Reserve	0.00	20.00	20.00	30.00	0.00	0.00
Profit (Loss) C/F to Balance Sheet including General Reserves	**61.27**	**34.18**	**27.83**	**10.74**	**9.97**	**7.55**

FY 2004-05

During the year, the Net Sales was increased by more than double (105.32%) to Rs. 3695.68 lakhs from Rs. 1799.96 lakhs during FY 2004-05 on account of increased market share of the Company's product in Government and Semi-Government Agencies in Western India. Company made a net profit of Rs. 78.56 lakhs, which is 23.62% of the previous years profit.

FY 2005-06

During the FY 2005-06 the net sales of the Company declined by 36.22% to Rs. 2357.24 lakhs from Rs. 3695.68 lakhs in FY 2004-05. The Company's performance during the year 2005-06 as compared to the previous year dropped primarily due to the unexpected jump in the revenue during the previous year from a One Time Specific Institutional contract. As a result, the company's net profit reduced by 30.20% to Rs. 54.84 lakhs from previous year's profit of Rs. 78.56 lakhs.

Analysis of reasons for the changes in significant items of income and expenditure in respect of the following:

a) Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions.

b) Significant Economic changes that materially affected or are likely to affect income from continuing operations:

There are no significant economic changes that have effected or will affect the industry except the cost of the basic raw material and power, which are vital input in the manufacturing of HDPE/PVC pipes and tends to fluctuate as per the market conditions.

c) Known Trends or uncertainties:

The demand for the products of the company has shown the increasing trend in the past two years and likely to remain increasing in near future due to spurt in productive activities in the Indian Economy and development of infrastructure projects which would help the company in increasing its production, turnover and consequent profits.

d) Future changes in relationship between costs and revenues:

Due to increase in the demand for the Company's product, there is scope for increase in the revenues of the company. The future increase in the revenue will offset any increase in cost price of the raw material and labor cost.

e) The extent to which material increase in net sales or revenue is due to increased sales volume, introduction of new products or services or increased sale prices.

The Company's present installed capacity is not utilized to the optimum level due to high consumption of power and therefore, the cost of production is higher. The Company proposes to modernize and expand its capacity with the latest technology, which would not only reduce the power consumption but also increase the production substantially on account of higher speed of machinery. Therefore, with higher production, the Company would increase its sales volume with competitive prices.

f) Seasonality of business:

The Company's business is not seasonal.

g) Dependence on single or few suppliers/customers

The Company is not dependent on any single or few suppliers/ customers. As far as supply of raw material is concerned, the Company can also import the raw material from various international suppliers. The Company has wide network of customers throughout the country through 82 dealers appointed by the Company.

h) Competitive Conditions:

The Company operates in competitive conditions. However, the Company with a technical collaboration from WAVIN of Netherlands, Accreditation with ISO: 9001, Certification from BIS for its all products and above all its quality of products, enjoys reputation amongst customers.

i) Material developments after the date of the last Balance sheet:

There are no material developments after the date of last audited Balance sheet, which will have any adverse impact on the Company.

j) Adverse events:

There are no adverse events affecting the operations of the Company occurring within one year prior to the date of filing of the Letter of Offer with the BSE.

4. Director's Statement:

In the opinion of the Directors, there have not arisen, since the date of the last financial statements disclosed in the Letter of Offer, any circumstances that materially and adversely affect the business or profitability of the Company, or the value of its assets, or its ability to pay liabilities within the next 12 months.

5. Statement of Assets and Liabilities after deducting Revaluation Reserve and Net Worth arrived at after such deduction as per clarification XIII:

Our Company has revalued the land & building during the financial year 1992-93 on the basis of its realizable value so as to reflect the correct net worth of the company. The amount standing to the credit of the Revaluation Reserve as on 31st March 2006 is Rs. 21.66 lakhs.

F. LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

The Company certifies that except as stated herein, there are no:

- Other pending litigation against the Company.
- Outstanding litigation, default, etc., pertaining to matters likely to affect operation and finances of the Company including disputed tax liability of any nature except the sales tax liability of Rs. 5 Lac, which is adequately provided for in the Balance Sheet of the Company as the contingent liability.
- Criminal prosecution launched against the Company and the Directors for alleged offences under any of the enactments specified in paragraph I of Part I of Schedule XIII to the Companies Act, 1956.
- Such cases of pending litigations, defaults, etc. in respect of companies / firms / ventures with which the Promoters were associated in the past but are no longer associated and their names continue to be associated with particular litigation(s).
- Pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences, any disciplinary action taken by the Board/ Stock Exchanges against the Promoters and their other business ventures (irrespective of the fact whether they are companies under the same management with the Company as per section 370 (1B) of the Act.
- Notices received by the Company from any person / authority threatening prosecution and/or litigation.

[1] Contingent Liabilities of the Company

Contingent Liabilities

- The Companies have contingent liabilities of Rs. 35.00 lacs on A/C. of Sales Tax. It has deposited Rs. 10 lacs with Sales Tax department under protest and same has been accounted with other depositors under the head of Loans and Advances. The company has not received any final demand notice & amount of liability has not been determined by the Sales Tax Department. Hence, Company has not created any provision for the same.
- During the year 2005-06 company have settled the sales tax liabilities as per assessment and A.G. Audit. It has paid Rs. 833302/- against the liabilities arise for the accounting year 1995-96, 1996-97, 1997-98, 1998-99, 1999-00 & 2000-01 which has accounted and paid during the 2005-06. Also Rs. 525689/- has been paid for the year 2003-04 which has accounted in 2005-06. However in the restated accounts it has been adjusted in the year 2003-04 and 2005-06.

[A] Outstanding Litigations against the Company

There is no outstanding litigation against the Company under the IT Act, under the Central Excise Act, under Sales Tax Act, under the various Labour Laws and under other Statutory Laws in force from time to time and as may be applicable to the Company.

[B] Pending Litigation filed by the Company

There is no pending litigation filed by the Company under the IT Act, under the Central Excise Act, under Sales Tax Act, under the various Labour Laws and under other Statutory Laws in force from time to time and as may be applicable to the Company.

(C) Amounts Owed To Small Scale Undertakings: -

There are no dues to small-scale industrial undertakings exceeding Rs. 1,00,000/- which are outstanding for more than 30 days as on 31-03-2006.

[2] OUTSTANDING LITIGATIONS INVOLVING SUBSIDIARIES:

Not applicable as the Company has no subsidiaries.

[3] OUTSTANDING LITIGATIONS INVOLVING GROUP COMPANIES:

There are no outstanding litigations involving the group companies namely, Nippon Polymers Limited and Dutron Telecom Pvt. Ltd. or Partnership firms namely Dutron Plastics (Bharuch), Dutron Polymers, Techno Plast Engineering Co. and Dura Vinyle Industries.

Dutron Plastics Ltd. has filed an appeal before the Gujarat High Court against the Order of Income-tax Appellate Tribunal for Rs. 2,00,000 arising out of the recalculation of the benefits available to the said company under section 80HHC of the IT Act by the Income-tax department.

[4] OUTSTANDING LITIGATIONS INVOLVING PROMOTER / DIRECTOR:

There are no outstanding litigation, dispute, non-payment of statutory dues, overdue to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards fixed deposits accepted by the Company, defaults in creation of full security as per terms of issue/other liabilities, violation of statutory regulations or alleging criminal offence, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Act) against the individual Promoters.

[5] Litigations Post Filing of The Offer Document:

The Company undertakes to incorporate the factual position in respect of any litigation against the Company or by the Company, its Group Companies and Promoters that may take place after filing the Letter of Offer with SEBI.

STATUTORY DUES

The Company has no statutory dues outstanding as on 31.03.2006 except contingent liability of Rs. 15 lakhs for the financial year 2005-06 in respect of Sales Tax, which has been disputed by the Company.

MATERIAL DEVELOPMET SINCE THE LAST BALANCE SHEET DATE

In the opinion of the Company there is no material development after the date of latest Balance Sheet as on 31st March, 2006, which would have an impact on the performance and the prospects of the Company other than what have been set out below and elsewhere in this Letter of Offer.

A. APPOINTMENT OF NEW DIRECTORS

The Company has appointed two independent and non-executive Directors on its Board namely Mr. Ashvin V. Kothari and Mr. Kaushik Patel, who were appointed on 5th June, 2006

II. GOVERNMENT AND OTHER STATUTOTORY APPROVALS

GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

The Company has obtained following licenses, permissions and approvals from the Central and State Government and Other Agencies required for carrying out the business:

1. Certificate of Incorporation issued by Registrar of Companies, Gujarat No. 04-4786 dated 17th November, 1981.
2. Certificate of Change of Name issued by Registrar of Companies, Gujarat dated 5th August, 1993.
3. Factory License No. 075376 vide letter dated 19-07-1995
4. Central Excise Registration No. AABCD1496RXM001 vide their Certificate dated 27th December, 2002 under the Central Excise Act, 1944.
5. Central Sales Tax Registration Certificate No. 24660100218 dated 15.09.2005 under the Central Sales Tax Act, 1956 and Local Sales Tax Registration Certificate No. 0747000140 dated 1st July, 2002 under the Gujarat Sales Tax Act, 1969.
6. Letter issuing Permanent Account No. AABCD1496R by Income Tax Authority under the Income Tax Act, 1961.
7. Tax Deduction Account No. AHMB00776G allotted by Income Tax Authority under the Income Tax Act, 1961.
8. Environment Clearance issued by Gujarat Pollution Control Board vide their Consent Order No. 9361 for operation of plant under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and Consent Order No. 16401 for operation of plant under Water (Prevention and Control of Pollution) Act, 1974.
9. SIA Acknowledgement No. 3872/STA/IMO/93 dated 10/11/1993 issued for manufacturing of HDPE Pipes, HDPE Sheets, PVC Pipes, Sheets & Films and Flexible Polymers.
10. Copy of Official Order No. P-693 (SEZ) / 32831 dated 28.10.2002 containing the revised list of 99 small & cottage industries having no pollution potential by which such industries are exempted from obtaining NOC (No Objection Certificate) from the Board (GPCB). This Order exempts the industries engaged in manufacturing of tubes, pipes, boxes, tanks etc. from Plastics, HDPE, LDPE, PVC.

The Company can undertake all the present and proposed activities in view of the present approvals. No further approvals from any Government Authorities or any other statutory authorities are required by the Company to undertake the present and proposed activities except those that may be required to be taken in the normal course of business from time to time.

It must be understood that in giving the above approvals, the concerned authority does not take any responsibility for the financial soundness or correctness of the statements made by the Company.

MAJOR AGREEMENTS ENTERED IN TO BY THE COMPANY:

1. TECHNOLOGY LICENSE AGREEMENT WITH WAVIN OVERSEAS B.V.

The Company had entered into General License Agreement dated 14th May, 1993 with Wavin Overseas B.V., a Company incorporated in the Netherlands having its Registered Office at Rollepaal 19, 7701 B.R. Dedemsvaart, the Netherlands. As per the said License Agreement, the Company received technical know how, technical assistance, training & demonstration of Wavin's technology for the initial period of 7.5 years which is renewable on yearly basis thereafter. The Company paid the lump sum down payment of NLG (Netherland Guilders) 5,00,000 and royalty of 2% of the net sales price of all the products sold by the Company.

The aforesaid agreement has been renewed with effect from 1st February, 2002 for further period of five years. The Company shall be required to pay annual fees in 10 half yearly installments aggregating to EURO 81780. The agreement is enforceable within the territory of India. Under the aforesaid agreement, Wavin grants to our Company a non-exclusive and non-transferable license to use the know-how and patents for the manufacture, sale and application of the products within the territories of India. Our Company can not export or be in any way directly or indirectly engaged with the export of any of the products outside the Indian territory, unless otherwise agreed in writing beforehand.

Wavin shall on its own initiative make available to our Company such information, assistance, training and demonstration as shall be in Wavin's opinion required by our Company.

Wavin shall provide know how relating to management systems, product know how, production technology, supplementary technology and research facilities to our Company under the terms of agreement.

The products covered mainly under the aforesaid agreement are;

1. Polyethylene pipes for gas, water, sewerage, irrigation etc.
2. UPVC pipes for pressure and non-pressure application in drinking water and discharge sewerage application with the exception of UPVC bi-ax Wavihol and multi layer pipes.
3. Other product ranges like PP compressor fittings, PPRC Hot & Cold water system and PE Socket fusion fittings.

Except as stated above, there is no other major agreement entered in to by the Company.

G. OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Present Issue:

The Issue is being made pursuant to the provisions of Section of 81(1) of Companies Act, 1956 and resolution passed by the Board of Directors of the Company at its meeting held on 22nd February, 2006.

Prohibition by SEBI

The Company, its Directors, its Promoters, any of the Company Associates or Group Companies with which the Directors of the Company are associated, as Directors or Promoters have not been prohibited from accessing the capital market under any order passed by SEBI.

Eligibility of the Issue:

The Company is an existing listed Company and it is eligible to offer this Rights Issue in terms of Clause 2.4.1 (iv) of the SEBI Guidelines**.**

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS LETTER OF OFFER HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPOSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 17TH AUGUST, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE THERETO IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;

WE CONFIRM THAT:

a. THE LETTER OF OFFER FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;

c. THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE; AND

d. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER."

DISCLAIMER

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

CAUTION

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of the Letter of Offer with SEBI. The Lead Manager and the Company shall update the Letter of Offer and keep the public informed of any material changes till the listing and trading commences.

Disclaimer with respect to Jurisdiction

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

The distribution of the Letter of offer and the offering of securities on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession the LOF may come are required to inform themselves about and observe such restrictions. Any disputes arising out of such issue will be subject to the jurisdiction of appropriate courts in Ahmedabad, India only.

No action, has been, or will be taken, to permit offering of these securities in any jurisdiction where action would be required for that purpose, except that the LOF has been filed with SEBI and SEBI has given its observations and that the Letter of Offer would be filed with the relevant Stock Exchanges in India. Accordingly, the Equity Shares may not be offered or sold directly or indirectly, and the LOF may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the LOF, nor any sale hereunder, shall under any circumstances create any implication that the affairs of the Company have remained unchanged since the date hereof or that the information herein is correct as of any time subsequent to this date.

Disclaimer Clause of the BSE (the Designated Stock Exchange)

BSE ("the Exchange") has given vide its letter dated 15th September, 2006 permission to the Company to use the Exchange's name in this Letter of Offer on which this Company's Securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The Exchange does not in any manner:

(i) warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or

(ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

(iii) take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

FILING

The Letter of Offer was filed with SEBI, Mittal Court, A Wing, Nariman Point, Mumbai -400 021. The final Letter of Offer has been filed with the Stock Exchange and SEBI. All the legal requirements applicable till the date of filing the Letter of Offer with the Stock Exchange and SEBI have been complied with.

DESIGNATED STOCK EXCHANGE

The designated stock exchange for the purpose of the issue is BSE.

LISTING

The existing Equity Shares are listed on BSE (Designated Stock Exchange). The Company has made applications to BSE for permission to deal in and for an official quotation in respect of the securities being offered in terms of this Letter of Offer. The Company has received in-principle approval from BSE vide letter dated 15th September, 2006.

If the permission to deal in and for an official quotation of the securities is not granted by the Designated Stock Exchange mentioned above, within six weeks from the Issue Closing Date, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Letter of Offer. If such money is not paid within eight days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the Section 73 of the Act.

Consents

The written consents of Promoters, Directors, Auditors, Lead Managers to the Issue, Registrars to the Issue, Legal Advisor, Bankers to the Company and Bankers to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the time of delivery of the Letter of Offer with the Stock Exchanges.

The Auditors of the Company have given their written consent for inclusion of their report in the form and content appearing in this Letter of Offer and such consent and report have not been withdrawn up to the time of delivery of the Letter of Offer to the Stock Exchange.

The Auditors of the Company have given their written consent for inclusion of income tax benefits in the form and content appearing in this Letter of Offer, accruing to the Company and its members.

To the best of our knowledge, there are no other consents required for making this Rights Issue. However, should the need arise, necessary consents shall be obtained by us.

Expert Opinion

The Company has not obtained any expert opinion apart from whatever is already mentioned in this Letter of Offer.

Expenses of the Issue

The expenses of the Rights Issue payable by the Company inclusive of brokerage, fees payable to the Lead Manager to the Issue, Registrar to the Issue, Stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will not exceed Rs. 25 Lakhs and will be met out of the proceeds of the Rights Issue.

Details of Fees payable

The expenses for the issue include among others, issue lead management fees, advertising costs, printing and distribution expenses, legal, statutory fees payable to the Stock Exchanges. The estimate of the issue expenses is as follows which is 4.17% of the total issue size.

(Rs. In Lakhs)

Sr.No.	Particulars	Amount (Rs. in Lakhs)	% of total issue expenses	% of total issue size
1	Lead Manager Fees	10.00	40%	1.67 %
2	Registrar Fees	1.00	4%	0.17 %
3	Printing and Statutory Advertisement Cost	10.00	40%	1.67 %
4	Bank and other charges	4.00	16%	0.66 %
	Total	**25.00**	**100.00**	**4.17 %**

Underwriting Commission, Brokerage and Selling Commission

The Rights Issue has not been underwritten. No fee under this head is payable.

Previous Public or Rights Issues

There was no public/rights issue done by the Company in the last 5 years.

Previous issues of shares otherwise than for cash.

The Company had issued 3,00,000 Equity Shares as bonus shares vide Board Resolution dated 25th February 1993 to the existing members of the Company in the ratio of three Equity share for every One Equity Share held by the members as on the record date.

There is no issue of shares in past for a consideration otherwise than cash other than issue of bonus shares as stated above.

Commission or Brokerage on previous Issues

The Company has not made any public issue in last five years. Hence no commission or brokerage has been paid on any public issue in the last five years.

Particulars in regard to the Company and other listed companies under the same management within the meaning of Section 370(1)(B) of the Companies Act, 1956, which made any public issue during the last three years.

The Company as well as the other Companies under the same management have not done any Public Issue / Rights Issue in last three years. The Company has paid dividend to its equity shareholders for the last five years as under:

Sr. No.	Financial Year	Rate of Dividend (%)	Final or Interim
1	2005-06	10%	Final
2	2004-05	12%	Final
3	2203-04	10%	Final
4	2002-03	8%	Final
5	2001-02	10%	Final

PROMISES VS. PERFORMANCE

Dutron Polymers Limited:

1. Initial Public Offer

The Company had come out with their Maiden Public Issue in the year 1994. The Company had made certain projections on the operating and financial performances in the prospectus of the said issue based on the then prevailing situation. However, due to various reasons, the projections could not be achieved.

(Rs. in lakhs)

Particulars	1993-94		1994-95		1995-96	
	Proj.	Actual	Proj.	Actual	Proj.	Actual
Sales & Other Income	315.83	248.61	1515.26	435.16	1716.69	744.99
PBDIT	62.38	38.86	168.39	82.69	185.60	134.19
PBT	46.69	25.76	109.30	46.42	127.41	82.68
PAT	39.69	25.46	81.97	40.42	89.19	64.68
Dividend (in %)	10%	20%	60%	8%	75%	12%
EPS (Rs. per share)	1.32	0.85	2.73	1.35%	2.97	2.16
Capacity Utilization	75%	10.37%	65%	16.16%	75%	24.01%

(Note: During the year 1993-94, 1994-95 and 1995-96, on account of lower demand of its products, the Company was resorting to job work activities to utilize its Installed Capacity in an optimum manner and to increase its revenues. However, the capacity utilization on account of job work activities have not been considered while calculating the Capacity Utilization during the year 1993-94, 1994-95 and 1995-96.)

The projections of sales and profits at the time of Initial Public Offer in the year 1994 was made considering the potential for huge demand for company's product in Gas Pipes Sector, Water Irrigation sector, etc. At that time it was envisaged that the HDPE pipes would be largely used for domestic LPG /CNG Distribution through pipelines across the Country. The projections were made based on the Government/Semi Government Agencies' plans for providing gas through pipelines across the major cities.

However, during the period from 1994 till 2000, most of the projects were delayed due to non-availability of CNG/LPG gas at required level for distribution. Consequently, it adversely affected the demand for the Company's product. The Company could not get the anticipated sales orders and resultantly, the actual sales and profits of the Company were very low as compared to projected sales and profits, which were mentioned in the prospectus.

Further, the Company had also installed one production line for manufacturing large size HDPE pipes up to the diameters 630mm OD expecting huge demand in large size HDPE pipes in Irrigation sector and water supply distribution sector. The actual market demand for the large size did not come for few years during 1994 – 2000. This caused the adverse effect on demand and sales of the Company's product and so on profitability. It was only after year 2000 that the Company's demand for such pipes actually increased in effluent & chemicals industries.

Thus, due to aforesaid reasons, the Company's performance in terms of sales and profitability was not up to the projected standards.

Listed Venture of Promoters

There is no other listed venture promoted by the Promoters.

Outstanding Bonds/Debentures

There are no outstanding debentures or bonds or redeemable preference shares or any other instruments issued by the issuer company outstanding as on the date of Letter of Offer.

STOCK MARKET DATA

The Company's shares are listed on BSE. The shares are actively traded on BSE. The high and low closing prices recorded on BSE for the preceding **three years** and the number of shares traded on the days the high and low prices were recorded are stated below:

BSE

Year ending	High (Face Value of Rs. 10)	Date of High	Volume of Date High (No.of Shares)	Low(Face value of Rs. 10)	Date of Low	Vol. on date of Low (No.of Shares)	Avg. price for the year (Face value of Rs. 10)
2005	40.80	16.08.2005	37100	15.10	01.03.2005	2000	27.95
2004	19.50	14.12.2004	898	9.05	30.07.2004	200	28.55
2003	27.50	02.05.2003	551	6.00	22.05.2003	1	16.75

(Source: www.bseindia.com, Official Website of Bombay Stock Exchange Limited, Mumbai)

Monthly high & low prices for the preceding **six months** and volume of transactions on the respective dates of High & Low.

Year ending	High (Face Value of Rs. 10)	Date of High	Volume of Date High (No.of Shares)	Low(Face value of Rs. 10)	Date of Low	Vol. on date of Low (No.of Shares)	Total volume for the month (No.of Shares)
June, 2006	31.30	01.06.2006	865	16.25	09.06.2006	729	1,76,748
July, 2006	27.05	20.07.2006	908	16.85	31.07.2006	1	424455
Aug, 2006	27.90	22.08.2006	1256	13.50	01.08.2006	1	217023
Sept, 2006	25.00	22.09.2006	1548	20.10	04.08.2006	226	489636
Oct, 2006	27.35	13.10.2006	1201	21.10	10.10.2006	229	397118
Nov, 2006	28.90	30.11.2006	6318	21.00	06.11.2006	1001	841634

(Source: www.bseindia.com, Official Website of Bombay Stock Exchange Limited, Mumbai)

Market Price as on 23rd February, 2006, immediately after the date of passing the Board Resolution for approving the Issue:

Rs. 26.20 Per Share

Disclosure on Investor Grievances and Redressal System

The Company has adequate arrangements for redressal of investor complaints. The Company has developed well-arranged correspondence system for letters of routine nature. The share transfer and dematerialization for the Company is being handled by Pinnacle Shares Registry Pvt. Ltd., Share Transfer Agents, Nr. Asoka Mills, Naroda Road, Ahmedabad – 380 025. Letters are filed category wise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is ten days. However, the Company ensures to redress all the investor grievances well within the said ten days from the date of receipt of the complaint.

The Compliance Officer Mr. Manan Bhavsar takes care for redressal of complaints on a regular basis.

Status of Complaints

No. of shareholders complaints as of 31^{st} March, 2006:	Nil
Total number of complaints received during last financial year (2005-06):	Nil
Total number of complaints received during 1^{st} April 2006 to 31^{st} October 2005:	Nil
Status of Complaints:	Not Applicable
Time normally taken by it for disposal of various types of investor grievances:	10 days

Investor Grievances arising out of this Issue

The Company's investor grievances arising out of this issue will be handled by Pinnacle Shares Registry Pvt. Ltd., Registrars to the Issue. The Registrars will have a separate team of personnel handling only our post issue correspondence. Investor grievances will be settled expeditiously and satisfactorily by us. The agreement between Registrar and the Company will provide for retention of records with the Registrars for a period of at least one year from the last date of dispatch of Letter of Allotment/Share Certificate/Warrant/refund order to enable the Registrars to redress grievances of Investors.

All grievances related to the issue may be addressed to the Registrars to the issue giving full details such as folio no., name and address of the first applicant, number and type of shares applied for, Application Form Serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the renouncee should be furnished.

Investor may contact the Compliance Officer in case of any pre-issue/post-issue related problems such as non-receipt of letter of allotment/share certificates/demat credit/refund orders etc.

Changes in the Auditors in the last three years

There has been no change in Auditors in the last three years.

Capitalization of Reserves or profits (during last Five Years)

There is no capitalization of reserves/profits during the last five years.

Revaluation of Assets, if any (during last five years)

The Company had last revalued its Land & Building by Rs. 54.11 Lakhs during the financial year 1992-93. Thereafter, the Company has not revalued its Assets.

H. OFFERING INFORMATION

TERMS OF THE PRESENT ISSUE

The Equity Shares, now being offered are subject to the provisions of the Act and terms and conditions of this Letter of Offer, CAF, the Memorandum & Articles of Association of the Company, approvals under the Foreign Direct Investment Scheme of Government of India, FEMA, if applicable, provisions of the Act, guidelines issued by SEBI, guidelines, notifications and regulations for the issue of capital and for listing of securities issued by Government of India and/ or other statutory authorities and bodies from time to time, Listing Agreement entered into by the Company with the Stock Exchange, such terms and conditions as may be incorporated in the Letter of Allotment /Share Certificate or any deed or document executed by the Company regarding the Rights Issue.

Authority for the Issue

The Issue is being made pursuant to the provisions of Section of 81(1) of the Act and resolution passed by the Board of Directors of the Company at its meeting held on 22nd February, 2006.

Basis of the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date 20th December, 2006 fixed in consultation with the Designated Stock Exchange.

The Equity shares are being offered for subscription in the ratio of One [1] Equity Share for every One [1] Equity Share held by the Equity Shareholders.

Ranking of Equity Shares.

The Equity shares being offered shall be subject to the Provisions of the Act, the Memorandum and Articles of Association and shall rank pari-passu in all respect with the other existing equity shares of the Company including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the Company after the date of allotment.

Mode of payment of Dividend

The dividend will be paid to all the eligible shareholders in terms of the provisions of the Act and Articles of Association with regard to payment of dividend. The unclaimed dividend will be transferred to Investor Protection Fund as prescribed under the Act.

Face Value

The face value of the Equity Shares of the Company is Rs.10/-.

Issue Price

The equity shares of Rs.10/- each are being issued at a price of Rs. 20/- per share including premium of Rs. 10/- per equity share in the present rights issue.

Premium

The Equity Shares of Rs. 10/- each are being issued at a premium of Rs. 10/- per share.

Rights of the Equity Shareholders

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

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

For a detailed description of the main provisions of the Company's Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Description of Equity Shares and Terms of Articles of Association" on page 121 in this Letter of Offer.

Market Lot

The market lot for the Equity shares in dematerialized mode is one. In case of physical certificates, the Company would issue one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate")

Nomination facility to the Investors

Nomination facility

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

The sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders (being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. Person(s), being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same rights to which he would be entitled if he/she were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale/disposal of the Equity Share by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When two or more persons hold the Equity Share(s), the nominee shall become entitled to receive the shares only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of the Company located at "Dutron House", Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009, Gujarat, India or such other place at such addresses as may be notified by the Company. The applicant can make the nomination by filling in the relevant portion in the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder has already registered the nomination with the Company, no further information needs to be made for the Equity Shares to be allotted in the issue under the same folio.

In case the allotment of equity shares is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in the Rights Issue. Nominations registered with respective Depository Participant of the applicant would prevail. If the applicants wish to change the nomination, they are requested to inform their respective Depository Participants.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Rights Issue, the entire subscription shall be refunded to the applicants within forty-two days from the date of closure of the Issue. If there is a delay in the refund of subscription by more than 8 days after the Company becomes liable to repay the subscription amount, (i.e. forty two days after closure of the Issue), the Company will pay interest for the delayed period, at prescribed rates in sub-section (2) and (2A) of Section 73 of the Act.

This Rights Issue will become under subscribed after considering the number of Equity Shares applied as per entitlement plus additional Equity Shares.

The above is subject to the terms mentioned under the "Basis of Allotment".

The Issue will become under subscribed after considering the number of Equity Shares applied as per entitlement plus additional Equity Shares. The Promoters shall subscribe to such under subscribed portion as per the relevant provisions of the law. If any person presently in control of the Company desires to subscribe to such under subscribed portion and if disclosure is made pursuant to SEBI (SAST) Regulations, such allotment of the under subscribed portion will be governed by the provisions of the SEBI (SAST) Regulations. Allotment to the Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement.

If the Company does not receive the minimum subscription of 90% of the Rights Issue (excluding the amounts on the rights entitlement on the Equity Shares held in abeyance as explained in the notes to the "Capital Structure"), the entire subscription shall be refunded to the applicants within forty-two days from the date of closure of the Issue.

If there is a delay in the refund of subscription by more than 8 days after the Company becomes liable to repay the subscription amount, (i.e. forty two days after closure of the Issue), the Company will pay interest for the delayed period, at prescribed rates in sub-section (2) and (2A) of Section 73 of the Act.

The above is subject to the terms mentioned under the "Basis of Allotment".

Arrangements for disposal of Odd Lots

The Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this issue. The Company will issue certificates of denomination equal to the number of Equity Shares being allotted to the Equity Shareholder. The Equity Shares are being issued in the ratio of one Equity Share for every one Equity Share held as on record date. As such the Rights Issue will not lead to any odd lots. The market lot is one share. Therefore there is no possibility of odd lot.

Restriction on Transfer and Transmission of Shares

Nothing contained in the Articles of Association of the Company shall prejudice any power of the Company to refuse to register the transfer of share.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

Rights Entitlement

As your name appears in the Register of Members as an Equity Shareholder/Beneficial Owner (as per the list provided by the Depositories) of the Company on the Record Date 20^{th} December, 2006 you are entitled to the number of Equity Shares by way of Rights as shown in Part A of the enclosed CAF on the basis mentioned above.

Fractional Entitlement

On applying the rights ratio of 1:1 entitlement it will not lead to any fractional entitlement.

ISSUE PROCEDURE

Principal Terms and Conditions of the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date 20th December, 2006 fixed in consultation with the Designated Stock Exchange.

The Equity Shares are being offered for subscription in the ratio of 1 (One) Equity Share for every 1 (One) Equity Share held by the Equity Shareholders.

Entitlement Ratio

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 (One) Equity Share for every 1 (One) Equity Share held as on the Record Date.

Terms of payment

The entire amount of Rs. 20/- per share is payable on application by all shareholders.

Ranking of the Equity Shares

The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividends with the existing Equity Shares of the Company.

Option available to the Equity Shareholders

The Composite Application Form (CAF) clearly indicates the number of Equity Shares that the Equity Shareholder is entitled to.

The Equity Shareholders will be having the following options:

Apply for his entitlement in part

Apply for his entitlement in part and renounce the other part

Apply for his entitlement in full

Apply for his entitlement in full and also apply for additional Equity Shares

Renounce his entitlement in full.

Renouncees for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

Applicants to the Equity Shares of the Company issued through the Rights Issue shall have an option either to receive security certificates or to hold the securities in dematerialized form with a Depository.

Offer to Non-Resident Equity Shareholders / Applicants

Applications received from NRIs and other NRI shareholders for allotment of Equity Shares shall be, inter alia, subject to the conditions imposed from time to time by RBI under the FEMA in the matter of refund of application moneys, allotment of Equity Shares, issue of Letter of Allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to apply shares offered on rights basis by an Indian Company in terms of FEMA and the rules and regulations thereunder.

The Equity Shares issued under the Rights Issue and purchased by NRI shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the previously held Equity Shares against which Equity Shares under the Rights Issue are issued.

As per the Provisions of AP DIR Circular No. 14 dated September 16, 2003 (Issued by RBI), such Equity Shareholders who have been allotted equity shares as OCBs, would not be permitted to participate in the issue. Accordingly the Shareholders/ applicants who are OCBs and wishing to participate in the issue would be required to submit the approval in relation thereto from FIPB and RBI.

The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the Equity Shareholders who are NRI.

How to Apply

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

Availability of Application Forms

Resident Equity Shareholders

Application should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any offices except in the case of postal applications as per instructions given in the Letter of Offer.

Non-Resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, interalia, be subject to the conditions as may be imposed from time to time by the Reserve Bank of India, in the matter of Refund of application moneys, allotment of Equity Shares, issue of Letters of Allotment/ certificates/ payment of dividends etc.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares

Part B: Form for renunciation

Part C: Form for application for Renouncee.

Part D: Form for request for Split Application Forms

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the Registered Folio Number/ DP and Client ID No. and his / her full name and address to the Registrar to the Issue. Please note that those who are making the application in the duplicate form should not use the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he/ she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Rights Issue on plain paper, along with an Account Payee Cheque drawn on a local bank at Ahmedabad/ Demand Draft payable at Ahmedabad (net of demand draft charges and postal charges) which should be drawn in favour of the Company and send the same by registered post directly to the Registrar to the Issue.

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

- Name of Issuer
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number/ DP and Client ID No.
- Number of Equity Shares held as on Record Date
- Number of Rights Equity Shares entitled
- Number of Rights Equity Shares applied for
- Number of additional Equity Shares applied for, if any
- Total number of Equity Shares applied for
- Total amount paid per Equity Share
- Particulars of Cheque/ Draft
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order PAN/GIR number and Income Tax Circle/Ward/District where the application is for Equity Shares of a total value of Rs 50,000 or more for the applicant and for each applicant in case of joint names, and
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company.

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their Rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications.

Mode of Payment

Payments in such cases, should be through a cheque/ demand draft payable at Ahmedabad to be drawn in favour of the Bankers to the Issue marked “A/c Payee” and marked **“Dutron Polymers Limited - Rights Issue “**

Acceptance of the Rights Issue

You may accept the Offer and apply for Equity Shares offered, either in full or in part by filling Block III of Part “A” of the enclosed CAF and submit the same along with the application money payable to the “Bankers to the Issue” or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn on a local bank at Ahmedabad /demand draft payable at Ahmedabad (net of demand draft charges and postal charges) to the Registrar to the Issue at Pinnacle Shares Registry Pvt. Ltd., Nr. Asoka Mills, Naroda Road, Ahmedabad – 380 025, by registered post.

Renunciation

As an Equity Shareholder, you have the right to renounce your entitlement for the Equity Shares in full or in part in favour of one or more person(s). Your attention is drawn to the fact that the Company shall not allot and/or register any Equity Shares in favour of:

- More than three persons including joint holders
- Partnership firm(s) or their nominee(s)
- Minors
- Hindu Undivided Family

- Any Trust or Society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its Constitutions to hold Equity Shares of a Company)

The right of renunciation is subject to the express condition that the Board/ Committee of Directors shall be entitled in its absolute discretion to reject the request for allotment to renouncee(s) without assigning any reason thereof.

Any renunciation from Resident Indian Shareholder(s) to Non–Resident Indian or from Non-Resident Indian Shareholder(s) to other Non-Resident Indians(s) is subject to Prevailing RBI Guidelines.

By virtue of circular No 14 dated September 16,2003 issued by RBI, Overseas Corporate Bodies (‘OCBs”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (withdrawal of General Permission to Overseas Corporate Bodies (OCB) Regulation, 2003. Accordingly the existing Shareholders of the company who do not wish to subscribe to the equity shares being offered but wish to renounce the same in favour of renouncees shall not renounce the same (whether for consideration or otherwise) in favour of OCBs.

Procedure for Renunciation

To renounce the whole offer in favour of one renouncee

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

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

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renouncees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

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

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date along with the application money.

Change and/ or introduction of additional holders

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

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

Please note that:

a) Part A of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid.

b) Only the person to whom this Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.

c) Split form(s) will be sent to the applicant(s) by post at the applicant’s risk.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares you are entitled to, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made in the manner prescribed in the Letter of Offer under the section “Basis of Allotment”. The renouncee(s) applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

In case of application for additional Equity Shares by non-resident Equity Shareholders, the allotment of additional securities will be subject to the permission of the Reserve Bank of India.

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

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

	Option Available	**Action Required**
1	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares to be left blank or Nil to be mentioned (All joint holders must sign)
2	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)
3	Renounce your entitlement in full to one person (joint renouncees are considered as one)	Fill in and sign Part B (All joint holders must sign) indicating the number of shares renounced and hand it over to the renouncee. The renouncees must fill in and sign Part C (All joint holders renounces must sign)
4	Accept a part of your entitlement and renounce the balance to one or more renouncees Or Renounce your entitlement of all the equity shares offered to you to more than one renouncee	Fill in and sign Part D (all joint holders must sign) requesting for split Application Form. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below. For the Equity Shares you wish to accept, if any, fill in and sign Part A.For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the renouncee . Each of the renouncees should fill in and sign Part C for the Equity Shares accepted by them.
5	Introduce a joint holderor change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the renouncees must fill in and sign Part C.

Last date of Application

The last date for submission of CAF is 9th February, 2007 . The Board/Committee of Directors will have the right to extend the said date for such period as it may determine from time to time but not exceeding sixty days from the date the Issue opens.

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

Equity Shares in Dematerialised Form

Applicants to the Equity Shares of the Company issued through this Rights Issue shall be allotted the securities in authorized (electronic) form at the option of the applicant. The Company and Pinnacle Shares Registry Private Limited, the Registrar to the Company, have signed a tripartite agreement with CDSL on 9th February, 2001 and with NSDL on 8th February, 2001 which enables the investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates.

In this Rights Issue, the allottees who have opted for Equity Shares in Dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant.

Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and dematerialized form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, will be allotted in physical shares.

Procedure for availing this facility for allotment of Equity Shares in this Issue in the electronic form is as under:

1. Open a Beneficiary Account with any Depository Participant (care should be taken that the Beneficiary Account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In case of joint holding, the Beneficiary Account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.*
2. For Equity Shareholders already holding Equity Shares of the Company in Dematerialized form as on Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of securities arising out of this Issue may be made in dematerialized form even if the original equity shares of the Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.
3. Responsibility for correctness of applicant's age and other details given in the CAF vis a vis those with the applicant's Depository Participant would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be same as registered with the applicant's Depository Participant.
4. If incomplete / incorrect Beneficiary Account details are given in the CAF the applicant will get Equity Shares in physical form.
5. The Rights Equity Shares allotted to investors opting for Dematerialized form, would be credited to the Beneficiary Account as given in the CAF after verification. Allotment advice, Refund Order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's Depository Participant will provide to him the confirmation of the credit of the Rights Equity Shares to the applicant's Depository Account.
6. Renouncees will also have to provide the necessary details about their Beneficiary Account for allotment of securities in this Issue. In case these details are incomplete or incorrect, the allotment of shares will be made in physical form.

Utilisation of Proceeds

Subscription received against this Issue will be kept in a separate bank account(s) and the Company would not have access to such funds unless it has received minimum subscription of 90%, of the Issue and the necessary approvals of the Designated Stock Exchange, to use the amount of subscription.

General instructions for applicants

Do's & Don't's

(a) Please read the instructions printed on the enclosed CAF carefully.

(b) Application should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest within stipulated time period and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, contact no., father's / husband's name must be filled in block letters.

(c) The CAF together with cheque / demand draft should be sent to the Bankers to the Issue / Collecting Bank or to the Registrar and not to the Company or Lead Managers to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorized by the Company for collecting applications, will have to make payment by Demand Draft payable at Ahmedabad (net of demand draft charges and postal charges) and send their application forms to the Registrar to the Issue by REGISTERED POST. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.

(d) Applications for a total value of Rs.50,000 or more, i.e. where the total number of securities applied for multiplied by the Issue price, is Rs.50,000 or more the applicant or in the case of application in joint names, each of the applicants, should mention his/ her permanent account number allotted under the Income-Tax Act, 1961 or where the same has not been allotted, the GIR number and the Income-Tax Circle / Ward / District. In case where neither the permanent account number nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the CAFs. Forms without this information will be considered incomplete and are liable to be rejected.

(e) Applicants are advised to provide information as to their savings/current account number and the name of the Bank with whom such account is held in the CAF to enable the Registrar to print the said details in the Refund Orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

(f) The payment against the application should not be effected in cash if the amount to be paid is Rs. 20,000/- or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded within the stipulated time period and no interest will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Issue.

(g) Signatures should be either in English or Hindi or in any other language specified in the 8th Schedule of the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company.

(h) In case of an application under Power of Attorney or by a body corporate or by a society, a certified true copy of the relevant Power of Attorney or relevant resolution or authority to make investment and sign the application along with a copy of the Memorandum & Articles of Association and / or bye laws must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closure Date, then the application is liable to be rejected.

(i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint applicants who are renouncees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

(j) Application(s) received from Non-Residents / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, interalia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of Equity Share certificates, et c. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

(k) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of the Company (i.e. Pinnacle Shares Registry Pvt. Ltd.) in the case of equity shares held in physical form and to the respective DP, in case of equity shares held in Dematerialized form.

(l) Split forms cannot be re-split.

(m) Only the person or persons to whom Equity Shares have been offered and not renouncee(s) shall be entitled to obtain split forms.

(n) Applicants must write their CAF number at the back of the cheque / demand draft.

(o) Only one mode of payment per application should be used. The payment must be either in cash or by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the Centre indicated on the reverse of the CAF where the application is to be submitted.

(p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)

(q) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgement slip at the bottom of the CAF.

(r) An applicant which is a mutual fund can make a separate application in respect of each scheme of the fund and such applications shall not be treated as multiple applications. The application made by the asset management company or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

Grounds for Technical Rejection

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

(i) Amount paid does not tally with the amount payable for;

(ii) Bank account details (for refund) are not given;

(iii) Age of first applicant not given;

(iv) PAN photocopy/ PAN Communication/ Form 60/ Form 61 declaration not given if application is for Rs. 50,000 or more;

(v) UIN number not given as applicable;

(vi) In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;

(vii) If the signature of the existing shareholder does not match with the one given on the application form and for Renouncees, if the signature does not match with the records available with their Depositories;

(viii) If the Applicant desires to have shares in electronic form, but the application form does not have the applicant's Depository account details;

(ix) Application forms are not submitted by the applicants within the time prescribed as per the application form and the Letter of Offer;

(x) Applications not duly signed by the sole/joint Applicants;

(xi) Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to invest in the issue;

(xii) Applications accompanied by Stockinvest;

(xiii) In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the applicants (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;

(xiv) FIIS applying on forms used for accepting shares renounced in their favour or applications for additional shares, without the copy of RBI permission / approval enclosed will be rejected;

(xv) Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided.

Payment Instructions

Resident Shareholders

All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed "A/c Payee only" and marked **"Dutron Polymers Limited - Rights Issue"**. Applicants residing at places other than places where the bank collection centers have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft for the full application amount (Net of demand draft and postal charges) favouring the Bankers to the Issue, crossed "A/c Payee only" and marked **"Dutron Polymers Limited - Rights Issue"** payable at Ahmedabad directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

Non-Resident Equity Shareholders/ Applicants

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

Payment by Non-Residents must be made by demand draft / cheque drawn in favour of the Banker to the Issue and marked **"Dutron Polymers Limited - Rights Issue – NR"** payable at Ahmedabad (net of demand draft charges and postal charges) or funds remitted from abroad in any of the following ways:

1. Application with repatriation benefits.

a) By Indian Rupee drafts purchased from abroad and payable at Ahmedabad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

b) By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai; or

c) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable at Ahmedabad; or

d) FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

2. Application without repatriation benefits

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Ahmedabad. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by non-residents should be drawn in favour of the Bankers to the Issue and marked **"Dutron Polymers Limited - Rights Issue – NR"** payable at Ahmedabad and must be crossed "A/c Payee only" for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

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

Note:

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

Disposal of application and application money

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

In case an application is rejected in full, the whole of the application money received will be refunded within six weeks from the close of the Issue. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within six weeks from the close of the Issue.

Fictitious Applications

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956 which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

Basis of Allotment

i. Subject to provisions contained in this Letter of Offer, the Articles of Association and approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

   a) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.

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

c) Allotment to the renouncee who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Board/ Committee of Directors but in consultation with the Designated Stock Exchange, as a part of the Rights Issue and not as a preferential allotment.

d) The Issue will become under-subscribed after considering the number of Equity Shares applied as per entitlement plus additional Equity Shares. The Promoters and the Promoter group shall subscribe to such under-subscribed portion as per the relevant provisions of the law to ensure that the Issue is successful. If any person presently in control of the Company desires to subscribe to such under subscribed portion and if disclosure is made pursuant to SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, such allotment of the under subscribed portion will be governed by the provisions of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

e) After taking into account the allotments made under 1(a), 1(b) and 1(c) above, if there is still any under-subscription, the unsubscribed portion shall be disposed off by the Board or Committee of Directors authorized in this behalf by the Board upon such terms and conditions and to such person/persons and in such manner as the Board / Committee of Directors may in its absolute discretion deem fit, as part of the Rights Issue and not as a preferential allotment.

   The decision of the Board or committee of Directors of the Company in this regard shall be final and binding. In the event of oversubscription, allotment will be made within the overall size of the issue.

   Allotment to the Promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and other applicable laws prevailing at that time.

Allotment / Refund

The Company shall give credit to the beneficiary account with Depository Participants within two working days from the date of the allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, the Company shall ensure despatch of refund orders, if any, of value up to Rs. 1,500 "Under Certificate of Posting", and shall dispatch refund orders of Rs. 1,500 and above, if any, by registered post or speed post. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (refund advice) "Under Certificate of Posting" intimating them about the mode of credit of refund within Six weeks from the date of closure of Issue.

The Company shall ensure dispatch of refund orders/refund advice, if any, "Under Certificate of Posting" or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First shareholder's name and all communication will be addressed to the person whose name appears on CAF within 42 days of the Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.

Shareholders should note that on the basis of name of the shareholders, Depository Participant's name, Depository Participant-Identification (DP ID) number and Beneficiary Account Number provided by them in the Composite Application form, the Registrar to the Issue will obtain from the Depository, the Bidders bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf. Hence, Shareholders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to shareholders at the shareholders sole risk and neither the Lead Manager nor the Company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, the Company undertakes that:

Dispatch of refund orders/ refund advice shall be done within 30 days from the Issue Closing Date; and the Company shall pay interest at the rate of 15% per annum (for any delay beyond the 30-days time period as mentioned above), if allotment is not made, refund orders/credit intimation are not dispatched and in case where a refund is made through electronic mode, the refund instructions have not been given to the clearing system, and demat credit within the 30-days time prescribed above, provided that the beneficiary particulars relating to such shareholder as given by the shareholder is valid at the time of the upload of the electronic transfer. The Company will provide adequate funds required for the cost of dispatch of refund orders/ refund advice/ allotment advice to the Registrar to the Issue. Save and except refunds effected through the electronic mode i.e

ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where applications are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the shareholders.

Payment of Refund

In case of shareholder applying for physical shares, refunds will be made on the basis of the bank account details provided by them in the Composite Application Form.

Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference

I. ECS - Payment of refund would be done through ECS for applicants having an account at any of the 15 centers where clearing houses for ECS are managed by Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank acccount details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centers named hereinabove, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS.

II. Direct Credit – Applicants having their bank account with the Refund Banker, i.e. HDFC Bank Ltd., The Bank shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to the eligible applicant's bank account with the Refund Banker.

III. RTGS – Applicants having a bank account at any of the 15 centers detailed above, and whose application amount exceeds Rs, 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Composite Application Form. In the event of failure to provide the IFSC code in the Composite Application Form, the refund shall be made through the ECS or direct credit, if eligibility disclosed.

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I, II and III hereinabove. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, the refund orders would be dispatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above.

LETTERS OF ALLOTMENT / SHARE CERTIFICATES

In case the Company issues Letters of Allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act, 1956 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates.

As regards allotment/ refund to Non-Residents, the following further conditions shall apply.

In case of Non-Residents, who remit their application monies from funds held in NRE/ FCNR accounts, refunds and/ or payment of interest/ dividend and other disbursement, if any, shall be credited to such accounts, details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of nonresidents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/ or payment of dividend/ interest and any other disbursement, shall be credited to such accounts (details of which should be furnished in the CAF) and will be made net of bank charges/ commission in US Dollars, at the rate of exchange prevailing at such time. The Company will not be responsible for any loss on account of exchange fluctuations for converting the Indian Rupee amount into US Dollars. The Equity Share certificate(s) will be sent by registered post at the Indian address of the non-resident applicant.

Letters of Allotment / Equity Share Certificates

Letter(s) of Allotment/ Equity Share certificates or Letters of Regret along with refund order will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within six weeks, from the date of closure of the subscription list. In case the Company issues Letters of Allotment, the relative Equity Share certificates will be dispatched within three months from the date of allotment. Allottees are requested to preserve such Letters of allotment (if any) to be exchanged later for Equity Share certificates.

Export of Letters of Allotment (if any)/ Equity Share certificates to non-resident allottees will be subject to the approval of RBI.

Undertakings by the Company

The Company undertakes as follows:

a. That the complaints received in respect of this issue shall be attended to expeditiously and satisfactorily;

b. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;

c. That the funds required for dispatch of refund orders or allotment advice or Share certificates by registered post or speed post shall be made available to the Registrar to the issue;

d. Where refunds are made through electronic transfer of funds, suitable communication shall be sent to the applicant within 42 days of closure of the issue giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;

e. That the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within the specified time; and

f. That no further issue of Equity Shares shall be made till the Equity shares issued through this Letter of Offer are listed or until the application monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue Proceeds

The Board of Directors of the Company certify that:

i. All monies received out of the fresh issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Act.

ii. Details of all monies utilised out of fresh issue referred to above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and

iii. Details of all unutilised monies out of the fresh issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Rights Issue proceeds until approval for trading of Equity Shares from the stock exchange where listing is sought is received and the Company satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% has been received by the Company.

Pending utilisation of net proceeds of the fresh issue as specified under the section “Objects of the Issue”, the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Govt. of India or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Govt. of India (FIPB) and the RBI.

The existing non-resident shareholders may apply for issue of additional shares and the company may allot the same subject to the condition that the overall issue of shares to non-residents in the total paid up capital does not exceed the sectoral cap. In other words, non-residents may subscribe for additional shares over and above shares offered on rights basis by the company and renounce the shares offered in full or part thereof in favour of a person named by them.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public issue without prior RBI approval, so long as the price of Equity shares to be issued is not less than the price at which Equity shares are issued to residents.

The transfer of Equity shares of NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial institutions shall be subject to the conditions as may be prescribed by the Government of India or RBI while granting such approvals.

I. DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION OF THE ISSUER COMPANY

3A. Capital

The Authorised share capital of the Company is Rs. 6,00.00,000/- (Rupees Six Hundred Lakhs only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each. The Company shall have power to increase, consolidate, sub-divide, reduce or otherwise alter its share capital subject to the provisions of the Act.

3B Redeemable Preference Shares

Subject to the provisions of these Articles and of Section 80 of the Act, the Company shall have power to issue Preference Shares, which are or at the option of the Company are to be liable to be redeemed on such terms and in such manner as the Company may determine.

4. Allotment of Shares

Further Issue of Capital by Directors

Subject to the provisions of these Articles the shares shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons, on such terms and conditions and at such times, as the Directors, think fit and with power to issue any shares as fully paid up in consideration of services rendered to the Company in its formation or otherwise. Provided that where the Directors decide to increase the issued Capital of the Company by the issue of further shares, the provisions of Section 81 of the Act will be complied with. The Directors with the sanction of the Company in General Meeting, shall have full power to give to any person the right to call for the allotment of any shares either at par or at a premium, and for such period, and for such consideration as the Directors think fit:

5. Power to issue share at a discount

Subject to the provisions of the Act it shall be lawful for the Company to issue at a discount shares of a class already issued.

6. Power to pay certain commission for placing shares

The Company may, subject to compliance with the provisions of Section 76 of the Act, exercise the powers of paying commission on the issue of shares and debentures. The commission may be paid or satisfied in cash or in shares, debentures, debenture-stocks of the Company.

7. Brokerage

The Company may pay a reasonable sum for brokerage.

8. Trusts not recognized

Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognize any trust, benami or equitable or other claim to or interest in such share on the part of any other person or any interest in any fractional part of a share whether or not it shall have express or other notice thereof.

9. Certificates

The Certificates of the title to shares shall be issued under the Seal of the Company.

9A. DEMATER1ALISATION OF SECURITIES:

1) **Definition for the purpose of this Article:**

"SEBI" means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.

Depositories Act" means a Company formed and registered under the Company Act, and which has been granted a certificate of registration under Subsection (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depository Act.

Beneficial Owner" means a person whose name is recorded as such with a Depository.

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as Beneficial Owner in the records of the Depository.

Participant means a person registered as such under Section 12(a) of The Securities and Exchange Board of India Act, 1992.

"Record" includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depository Act.

"Regulations" means the regulations made by SEBI.

"Security" means such security as may be specified by SEBI.

Words imparting the singular number only include the plural number and vice versa. Words imparting persons included corporation.

Words and expression used and not defined in this Article shall have the same meanings as respectively assigned to them in the Depositories Act.

2) **Either the Company or the investor may exercise an option to issue, Deal in or hold Securities**

(Including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized. In which event the rights and obligations of the parties concerned and the matters connected therewith of incidental thereof shall be governed by the provisions of the Depositories Act as amended from time to time or any statutory modification thereto or reenactment thereof

3) **Dematerialisation of Securities**

Notwithstanding anything contained in these Articles, The Company shall be entitled to dematerialise its existing Securities rematerialize its Securities in the Depositories and or offer its fresh Securities in a dematerialisation from pursuant to the Depositories Act and the rules framed threreunder,if any.

4) **Option to receive Securities certificates or hold Securities with Depository**

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the Security and no receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security.

5) **Securities in Depositories**

All Securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in section 153,153A, 1538,187B, 187 C and 372 AA of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the beneficial Owners.

6) **Rights of Depositories & Beneficial owners**

(a) Notwithstanding anything to the contrary contained in the Act or these Articles, Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other right as the case may be in respect of the securities held by It.

(c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner In the record of the Depository shall be deemed to he a Member of the Company The Beneficial Owner of Securities shall be entitled to all he rights and benefits and subject to all the liabilities in respect of his Securities which are held by Depository.

7) **Beneficial Owner deemed absolute Owner**

Except as ordered by a court of Competent jurisdiction or as required by law, the company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of security in the record of the Depository, as the absolute owner thereof. The Company shall not be bound to recognize any benami trust or equitable. Contingent, future or partial interest in the Security (except otherwise provide by the Articles) or any right in respect of the security other than an absolute right thereto in accordance with these Articles on the part of any other person whether or not it has express or implied notice thereof, but the Board shall subject to the provision of the act, be at its sole discretion to register the Security in the joint names of any persons or the survivor or survivors of them.

8) **Depository to furnish information.**

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

9) **Cancellation of certificates upon surrender by a person.**

Upon receipt of Certificate of Securities for dematerialisation in terms of the applicable provisions of appropriate Acts or rules. The Company shall cancel such certificates and substitute in its records, the name of the Depository as the Owner in respect of the said Securities and shall also inform the Depository accordingly.

10) **Option to opt out in respect of any security**

If a Beneficial Owner seeks to opt out of a Depository in respect of any security the Beneficial Owner shall inform the Company. The Company shall within thirty (30) days of the receipt of information from the Depository and fulfillment of such conditions and payment of such fees as may be specified by the regulations Issue the certificate of Securities to the beneficial Owner or the transferee as the case may be.

11) **Service of Document**

Notwithstanding anything in the Act, or these Articles to the contrary, where Securities are held in depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.

12) **Provision of the Act and Articles to apply to Securities held In the Depository**

All the provisions of the Act and Articles of Association of the Company, particularly the provision relating to Joint holding, calls, lien, forfeiture and transfer and transmission of the Depository Securities shall also be applicable to securities held in the Depository.

13) **Allotment of Securities dealt within a Depository**

Notwithstanding anything in the Act or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

14) **Distinctive number of shares held In the Depository.**

Shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive Numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form.

15) **Register and Index of Beneficial Owner**

The Company shall cause to keep a Register and index of Members and A Register And index of Debenture holders in accordance with section 151 and 152 of the Act Respectively read with the applicable provisions of the Depositors Act with details of shares and debentures held in material and demat forms in any media as may be permitted by law. The Register and the index of beneficial owners maintained by a depository under Section 11 of the Depositories Act shall be deemed to be the Register and index of Members and Register and Index of Debenture holders, as the case may be for the purpose of the Act. The Company shall have the power to keep In any state or country outside India, a branch Register of Members in respect of the resident in that state or country.

16) **Register of Transfer**

The Company shall keep a Register of Transfer and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held an material form.

17) **Trading and transfer of Securities.**

Trading and transfer of Securities can be effected in the form permitted by appropriate authorities form time to time.

18) **Power to Board to take necessary action to Dematerialise Securities offered by Company**

The Board is authorized to take all such action and steps as may be necessary dematerialise listed securities offered by the company including executing deeds, documents and papers and appointing such persons and agencies as may be necessary to facilitate dematerialisation / rematerialisation and trading in such securities.

10. Members' right to certificate

Every member shall be entitled free of charge to one or more certificates for all the shares of each class registered in his name in marketable lots or if the Board so approves to several certificates each for one or more of such shares, but in respect of each additional certificate, the Company, if the Board so determines, shall be entitled to charge a fee of not exceeding Re. 1.

11. As to issue of new certificate in place of one defaced, lost or destroyed

If any certificate be worn out or defaced, then, upon production thereof to the Company, the Board may order the same to be cancelled and may issue a new certificate in lieu thereof, and if any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board and on such indemnity as the Board deems adequate being given, a new certificate in lieu thereof may be given. In case of destruction or loss the member to whom such new certificate is given shall also bear and pay to the Company all legal costs and other expenses of the Company incidental to the investigation by the Company of the evidence of such destruction of loss and to the preparation of such indemnity.

12. Joint Holder

Where two or more persons are registered as the holders of any shares they shall be deemed to hold the same as joint-holders with benefit of survivorship subject to the provisions following and to the other provisions of -these Articles relating to joint-holder:

Maximum Number

(a) The Company shall not be bound to register more than four persons as the joint-holders of share.

Liability several as well as joint

(b) The joint-holders of share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share

Survivors of joint holders only recognised

(c) On the death of any one of such joint-holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to or interest in such share but the Board may require such evidence of death as it may deem fit.

Delivery of Certificate

(d) Only the person whose name stands first in the Register as one of the joint holders of any share shall be entitled to delivery of the Certificate relating to such share and to the payment of dividend in respect thereof

13. Calls

Subject to the provisions of the Act the Directors may from time to time subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Directors. A call may be made payable by installments. A call may be revoked or postponed at the discretion of the Directors.

14. When call deemed to have been made

A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.

15. Notice of call

Not less than 30 days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid

16. Amount payable at fixed times or by installments payable of calls

If by the terms of issue of any share or otherwise, the whole or part of the amount or issue price thereof is made payable at any fixed time or by installments at fixed times, every such amount or issue price or installment shall be payable as if it was call duly made by the Directors and of which due notice had been given, and all the provisions, herein contained in respect of calls shall apply to such amounts or issue price or installment accordingly.

17. When interest on call or installment payable

If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same from the day appointed for payment thereof to the time of the actual payment at such rate as the Directors may determine but they shall have power to waive the payment thereof wholly or in part.

18. Evidence in actions by Company against shareholders

On the trial or hearing of any action or suit brought by the Company against any member or his representative to recovery any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of the Company as a holder or one of the holders of the number of shares in respect of which such' claim is made that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call, nor that quorum of Directors was present at the meeting at which any call was made nor that such meeting was duly convened or constituted, for any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

19. Payment of calls in advance

The Board may receive from any member, money beyond the sum actually called for on such sum, company may pay interest not exceeding 12 percent per annum. Money so paid in excess of the amount of calls shall not rank for dividend or confer a right to participate in the Profits of the Company. The Board may at any time repay the amount so advanced.

20. If call or installment not paid notice may be given

If any member fails to pay any call or installment on or before the day appointed for the same, the Directors may, at any time thereafter during such times as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

21. Form of Notice

The notice shall name a day (not being less than 30 days from the date of the notice) and a place or places on and at which such calls or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place or places appointed, the share in respect of which such call was made or installment is payable will be liable to be forfeited.

22. If notice not complied with shares may be forfeited

If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

23. Notice after forfeiture

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

24. Forfeiture share to become property of the company

Any share so forfeited shall be deemed to be the property of the Company and the Directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.

25. Power to annul forfeiture

The Directors may at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.

26. Arrears to be paid notwithstanding forfeiture

Any member whose shares have been forfeited shall notwithstanding such forfeiture be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture, together with interest thereupon from the time of the forfeiture until payment at 12 per cent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.

27. Effect of forfeiture

The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved

28. Evidence of forfeiture

A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any given for the shares on the sale or disposition thereof shall constitute a good title to such shares.

29. Company's lien on shares

The Company shall have a first and paramount lien upon all the shares (not fully paid-up) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interests in any share shall be created except upon the tooting and condition that Article 8 hereof is to have full effect and the said lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shah operate as a waiver of the Company's lien, if any, on such shares.

30. As to enforcing lien by sale & Application of proceeds of sale

For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators or his committee, curator bonis or other person recognised by the Company as entitled to represent such member and default shall have been made by him or then in the payment of the sum payable as aforesaid for seven days after such notice. The net proceeds of any such sale shall be applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such member and the residue (if any) paid to such member, his executors, administrators, or other representatives or persons so recognised as aforesaid.

31. Validity of shares

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers by these presents given, the Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the Register in respect of such shares his title to such shares not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damage only and against the Company exclusively.

32. Power to issue new certificate

Where any shares under the Powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered to the Company by the former holder of the said shares the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

33. Execution of transfer

Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the Certificate or certificates, of the shares or if no such certificate is in existence, along with the letter of allotment of shares. The instrument of transfer of any shares shall be signed both by the transferor and the transferee and shall contain the name and other particulars both of the transferor and the transferee, and transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.

33A Nomination

1) Every holder of Share or Debenture of the Company may at any time, nominate in the prescribed manner, a person to whom shares in or debenture of the Company Shall vest in the event of his death. A member may revoke or vary his or her nomination, at any time, by notifying the Company to that effect.

2) Where the Shares or debentures of the Company are held by more than one person jointly, the joint holders together, nominate, in the manner prescribed under the Act, a person to whom all the rights in the Shares and debentures of the Company shall vest in the event of death of all joint holders.

3) Notwithstanding anything contained in any other law for the time being in force in any disposition, whether testamentary or otherwise, in respect of the share or debentures where a nomination is made in the manner prescribed under the Act, purports to confer on any person the rights to vest the shares or debentures of the Company. The nominee shall on the death of shareholder or debenture holder concerned, or on the death of the joint holders, become entitled to all the rights in the share or debentures of the Company of such shareholder or holder of debentures or, as the case may be, of all the joint holders, in relation to such shares in or debentures of the Company to the exclusion of all other persons. Unless the nomination is varied, cancelled in the manner prescribed under the Act.

4) Where the nominee is a minor, the holder of the shares or debentures concerned, can make the nomination to appoint in the prescribed manner under the Act, any person to become entitled to the shares or debentures concerned in the event of his death during the minority.

5) Notwithstanding anything contained in these Articles, any person who becomes a nominee under the provision of Section, 109A, and to whom the shares in or debentures of the Company have vested on the death of the Shareholders or holder of the debentures of the Company, or as the case may be, on the death of the joint holders, upon the production of such evidence as may be required by the Board, and subject as hereinafter provided elect either.

   (a) to be registered himself as holder of the share or debenture as the case may be;

   Or

   (b) to make such transfer of the share or debenture, as the ease may be, as the deceased shareholder or debenture holder as the case may be could have made.

6) If the person a nominee, so becoming entitle, elects to be registered as holder of the share or debenture himself as the case may be, he shall deliver or send to the Company a notice in writing duly signed by him that nominee concerned so elects and such notice shall be accompanies with the death certificate of the deceased shareholder /debenture holder as the case may he.

7) All the limitations, restriction and provisions of this Act relating to the right to transfer and the registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were signed by that shareholder or debenture holder, as the case may be.

8) A person being a nominee becoming entitled to share or debenture by reason Of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered as member In respect of his share or debenture be entitled In respect of it to exercise any right conferred by membership In relation to meetings of the Company.

9) Provided that the Board may, at any time give notice requiring any such person to elect to be registered himself or to transfer the share or debenture, and if, the notice is not complied with within ninety days, the Board may thereafter, withhold all payments of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the Board may thereafter withhold payments of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirement of the notice have been complied with.

10) The Board shall, in either case, have the same right to decline or suspend registration, as it would have had, if the deceased shareholder or debenture holder as the case may be had transferred the shares or debentures as the case may be before his death.

11) No person shall be recognized by the Company as a nominee unless the shareholder has, during his life time, giving an intimation to the Company of his having appointed a nominee in the manner specified under Section 109A of the Companies Act, 1956.

12) The Company shall not be in any way responsible for transferring the shares and/or debentures consequent upon such information.

13) If the holder of the shares or debentures survive the nominee, then and in such case, the nominee made by the registered holder shall be of no effect and shall automatically stand revoked.

14) depositor may, at any time, make a nomination and the provision of Section 1 09A and 109B shall as may be applicable to such nominations made pursuant to the provisions of Section 58A (11) of the Companies Act, 1956.

34. Application for transfer

Application for the registration of the transfer of a share may be made either by the transferor provided that, where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee in the manner prescribed by the Act. and, subject to the provisions of

Article 8 and 37(a) hereof, the Company may, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

35. Notice of transfer to registered holder

Before registering any transfer tendered for registration the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to the Registered holder that such transfer deed has been lodged and that, unless objection is taken the transfer will be registered. If such registered holder tails to lodge an objection in writing at the office of the Company within ten days from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Company shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company in respect of such non-receipt.

36. Indemnity against wrongful transfer

Neither the Company nor its Directors shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case the person registered as transferee, his executors, administrators and assigns alone shall be entitled to be recognised as the bolder of such share and the previous holder shall so far as the Company is concerned be deemed to have transferred his whole title thereto.

37A. In what case to decline to register transfer of shares

Subject to the provisions of Section 111 of the Act, the Board, by giving reasons for refusal, may within one month from the date on which the instrument of transfer was delivered to the Company, refuse to register any transfer of a share upon which the Company has a Lien and, in the case of a share not fully paid-up, may refuse to register a transfer to a transferee of whom the Board does not approve. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except a lien on the shares.

37B.No transfer to minor or person of unsound mind.

No transfer shall be made to a minor or person of unsound mind or firm, without the consent of the Board.

38A Form of Transfer

Instrument of transfer of any share shall be in writing and all the provisions of Section 108 of the Act and of any statutory modification thereof for the time being, shall be duly compared with in respect of all transfers and of registration thereof.

38B Form of transfer for outside India.

In the case of any share registered in any Register outside India, the instrument of Transfer shall be in a form, recognised by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Sub-clause (A) hereof as circumstances shall permit

39. When instrument of Transfer to be retained

All instruments of transfer, which shall be registered, shall be retained by the Company.

40A Notice of refusal to register transfer

If the Directors refuse to register the transfer of any shares, the Company shall, within one month from the date on which the Instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal.

40B Right to Dividend, etc. pending registration of transfer of shares

Where any instrument of transfer of shares has been delivered to the Company and the transfer of such shares has not been registered by the Company, it shall comply with requirements of Section-206A of the Act.

41. Power to close transfer book and register

On giving seven days' notice by advertisement in a newspaper circulating in the District in which the office of the Company is situated, the Register of Members may be closed during such time as the Directors think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.

42. Transmission of registered shares.

The executors or administrators or the holders of a succession certificate in respect of shares of a deceased member (not being one of several joint-holders) shall be the only person whom the Company shall recognize as having any title to the shares registered in the name of such member and, in case of the death of any one or more of the joint-holders of any registered shares, the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares but nothing herein contained, shall be taken to release the estate of a deceased joint-holders from any liability on shares held by him jointly with any other person. Before recognizing any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtain a grant of probate of letters of administration or succession certificate or other legal representation, as the case may be from a competent Court; Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnify or otherwise as the Board may consider desirable.

43. **As to transfer of shares of deceased of insolvent members, Transmission Article, Notice of election to be registered as a shareholder & Provision of Articles relating to transfer applicable.**

Any person becoming entitled to or to transfer share in Consequence of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Directors think sufficient, may with the consent of the Directors (Which they shall not be under any obligation to give), be registered as a member in respect of such shares or may, subject to the regulations as to transfer herein before contained, transfer such shares. This Article is hereinafter referred to as “The Transmission Article”, subject to any other provisions of these Articles, if the person so becoming entitled to shares under this or the last preceding Article shall elect to be registered himself, he shall deliver or send to the Company a notice in writing si2ned by him stating that he so elects. If he shall elect to transfer the shares to some other person he shall execute an instrument of transfer in accordance with the provisions of these Articles relating to transfer of shares. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid.

44. Right of unregistered executors and trustees

Subject to any other provisions of these Articles and if the Directors in their sole discretion are satisfied in regard thereto, a person becoming entitled to a share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other moneys payable in respect of the share.

45. Power to issue share warrants

Subject to the provisions of Section 114 and 115 of the Act and subject to any directions which may be given by the Company in General Meeting, the Board may issue Share Warrants in such manner and on such terms and conditions as the Board may deem fit. In case of such Issue Clause 40 to 43 of Table “A” in Schedule I to the Act, shall apply.

46. Conversion of Shares into Stock and re-conversion

The Company may exercise the power of conversion of its shares into stock and in that case clauses 37 to 39 of Table “A” in Schedule I to the Act, shall apply.

47. Power to subdivide and consolidated

The Company may by Ordinary Resolution from time to time alter the conditions of the Memorandum of Association as follows:

(a) Increase the Share Capital by such amount, to be divided into shares of such amount as may be specified in the resolution;

(b) Consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

(c) Subdivide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum, so however, than (in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(d) Cancel any shares, which, at the date of he passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its Share Capital by the amount of shares so cancelled.

48. On what condition new shares may be issued

The resolution whereby any share is sub-divided or consolidated may determined that, as between the members registered in respect of the shares resulting from such sub-Division or consolidation, one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others or other subject nevertheless to the provisions of Sections 85, 87, 93, 99 and 106 of the Act.

49. Surrender

Subject to the provisions of Sections 100 to 104 inclusive of the Act, the Board may accept from any member the surrender of all or any of his shares on such terms and conditions as shall be agreed.

50. Power to modify rights

Whenever the capital (by reason of the issue of Preference Shares or Otherwise) is divided into different classes of shares, all or any of the rights and privileges attached to each class may be varied in the manner provided in Section 106 of the Act and all the provisions hereinafter contained as to General Meetings shall, mutatis mutandis, apply as regard class meetings. Provided that the rights conferred upon the holders of. the shares of any class issued with preference to other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied under this Article by the creation or issue of further shares and such new shares may be issued with such preferential rights as may be decided at the time of issue thereof.

51. Power to Borrow

The Board may from time to time at its discretion, subject to the provisions of the Act, raise or borrow from the Directors or from elsewhere and secure payment of any sum or sums of money for the purposes of the Company.

52. Conditions of Borrowing

The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks I it and in particular by the issue of bonds, notes, convertible redeemable or otherwise, perpetual or redeemable debentures or debenture-stock or any mortgage or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled Capital for the time being.

53. Issue of debenture

Any debentures, debenture-stock, bonds and other securities may be issued at a discount, premium or otherwise and with any special privilege as to redemption, surrender, drawings, allotment of shares, or conversion, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equity between the Company and the person to whom the same may be issued. Provided that debenture-stock or bonds, with the right of allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

54. Indemnity may be given

Directors or any of them may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon and shall be entitled to receive such payment as consideration for the giving of any such guarantee as may be determined by the Directors with power to them to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or charge on the undertaking of the Company or upon any of its property or assets or otherwise. If the Directors or any of them or any other persons, shall become personally liable for the payment of any sum primarily due from the Company the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the Assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

55. Reserves

The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as reserves which shall, at the discretion of the Board be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may from time to time think fit. The Board may also carry forward any profits which it may business of the think prudent not to divide without setting them aside as a reserve.

56A Convening of Meeting

The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting provided however if at any time there are not in India Directors capable of acting who are sufficient in number to form a Quorum, any Director may call an Extraordinary General Meeting in the same manner as nearly as possible, as that in which such a meeting may be called by the Board.

56B Director entitled to speak at General Meetings

Each Director shall be entitled to attend and speak at any General Meeting of the Company.

57. Quorum

The quorum for a General Meeting shall be five members present in person.

58. Chairman

At every General Meeting, the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting the Chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the meeting or, though present, be unwilling to act as Chairman, the members present shall choose one of the Directors present to be Chairman, or if no Director shall be present and willing to take the Chair, then the members present shall choose one of their members being a member entitled to vote, to be Chairman.

59. Sufficiency of ordinary resolution when no specific provision

Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting, shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the Articles specifically require such act to be done or resolution passed by a special resolution.

60. When, if quorum not present meeting to be dissolved and when to be adjourned

If within half an hour from the time appointed for the meeting a quorum be not present, the meeting if convened upon a requisition of Shareholders shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at the same time and place, unless the same shall be a public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting the quorum be not present within half an hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.

61. How question or resolutions to be decided at Meetings

In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll, have a casting vote in addition to the vote or votes to which he may be entitled as a member.

62. Power to adjourn General Meeting

The Chairman of a General Meeting may adjourn the same, from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed for the holding of the adjourned meeting.

63A Business may proceed not withstanding demand of poll

If a poll be demanded, the demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

63B Declaration of result by Chairman conclusive

(i) At any General Meeting unless a poll is duly demanded, a declaration by the Chairman that on a show of hands a resolution has or has not been carried or has not been carried either unanimously or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against the resolution.

(ii) At any General Meeting before or on the declaration of the result of the voting on a resolution on a show of hands a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by hi m on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company.

(a) Which confer a power to vote on the resolution not being than one-tenth of the total voting power in respect of the resolution, or

(b) on which an aggregate sum of not less than Rs 50,000/- has been paid up.

63C. Procedure for conducting Poll

A poll on a question of adjournment or on the election of a Chairman shall be taken forthwith. A poll on any other question shall be taken forthwith. A poll on any other question shall be taken in such manner, at such time and at such place as the Chairman of the meeting direct and subject as aforesaid either at once or after an interval or adjournment or otherwise provided that a poll demand as aforesaid shall be taken at such time not being later than forty-eight hours from the time when the demand was made. The result of the poll shall be deemed to be the decision of the meeting on ~he resolution on which the poll was taken.

64. Votes of members

On a show of hands, every holder of equity Shares entitled to vote and present in person shall have one vote and upon a poll, every holder of Equity Shares entitled to vote and present in person or by proxy shall have one vote for every share held by him.

65. Vote in respects of deceased insolvent and insane members

Subject to the provisions of these Articles, any person entitled under the Transmission Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares, provided that seventy-two hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or non-composmentis he may vote whether on a show of hands or at a poll by his committee, curator bonis or other person recognised by the Company as entitled to represent such member and such last mentioned persons may give their votes by proxy.

66. Joint holder

Where there are joint-holders any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he was solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holders thereof.

67. Instruments appointing proxy to be in writing

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his Attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its Attorney.

68. Instrument appointing proxy to be deposited at the office.

The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

69. When vote by proxy valid though authority revoked

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the office or by the Chairman of the Meeting before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled or require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked

70. Form of instrument appointing proxy

Every instrument appointing a proxy shall, as nearly as circumstances will admit, be in the form set out in Schedule IX to the Act.

71. Restriction on voting

No member shall be entitled to vote on any question either personally or by proxy or as proxy for another member at any General Meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable presently to the Company in respect of any of the shares of such member

72. Validity of votes

No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise, shall be deemed valid for all purposes.

73. Number of Directors

Until otherwise determined by the Company in General Meeting, the number of Directors shall not be less than three nor more than eleven.

74. Directors

The first Directors of the Company shall be

1. Shri Bipinbhai T. Patel
2. Shri Jayeshbhai H Patel
3. Shri Sudipbhai B. Patel

75. Qualification of Directors

A Director need not hold any shares in the Capital of the Company to qualify him to act as a Director of the Company

76. Remuneration of Directors

Subject to the provisions of Sections 198, 309, 310 and 311 of the Act, the remuneration payable to the Directors of the Company may be as hereinafter provided. The remuneration of the Director for attending the meeting of the Board or Committee thereof shall be such sum not exceeding Rs. 500/- (Rupees five hundred) as may from time to time be fixed by the Board for each such meeting of the Board or Committee thereof attended by him subject to the provisions of the Act, the Director shall be paid such further remuneration (if any) as the Company in General Meeting shall from time to time determine and such additional remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided among the Directors equally.

77. Continuing Directors may act

The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum above fixed the Directors shall not except for the purpose of filling vacancies or of summoning a General Meeting act so long as the number is below the minimum.

78. Directors may contract with Company

Subject to the provisions of the Act, the Directors (including a Managing Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such, contract or any contract or arrangement entered into by or on behalf of the Company with any Director or with any Company or partnership, of or in which any Director shall be a member or otherwise interested be avoided, nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.

79. Appointment of Directors

The Company in General Meeting, may, subject to the provisions of these Articles and the Act, at any time elect any person to be a Director and may from time to time increase or reduce the number of Directors and may also determine in what rotation such increased or reduced number is to go out of office.

80. Appointment of Additional Directors

The Directors shall have power at any time and from time to time, to appoint any person other than a person who has been removed from the office of a Director of the Company to be Director of the Company as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed. Any Director so appointed shall hold office only until the conclusion of the next following Annual General Meeting of the Company when he shall be eligible for re-appointment.

81. Casual Vacancy may be filled by Board

The directors shall also have power to fill a vacancy in the Board. Any Director so appointed shall hold office only long as the vacating Director would have held the same if no vacancy had occurred.

82. Nominated Directors

(i) Whenever the Directors enter into a contract with any person or persons for borrowing any money of for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such person or persons shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the Agreement and that such Director or Directors may not be liable to retire by rotation. The Directors may also be removed from time to time, by the person or persons aforesaid who may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or **Directors** ceasing to hold that office for any reason whatever. The Directors appointed or nominated under this Article, shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and traveling expenses to such Director or Directors as may be agreed by the Company with such persons or person aforesaid.

82 (ii) Nomination of Director by financial and other institutions

(a) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys emain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI) Life Insurance Corporation of India (LIC), General Insuranc2 Corporation of India (GIC) Unit Trust of India (UTI) and other Financial Institutions of Central or State Governments or to any other Corporation or Institution or to any other Financing Company or other Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC, GIC, UTI, or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, and LIC, GIC, UTI or other Finance Corporation or Credit Corporation or any other financing Company or body is hereinafter in this Articles referred to as “the Corporation”) continue to hold shares in the company as a result of underwriting or direct subscription, the Corporation shall have a right to appoint from time to time any person or persons as a director or directors, whole time or non-whole time, (which director or directors is/are hereinafter referred to as nominee director/s) on the board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

(b) The board of directors of the company shall have no power to remove from office the nominee director/s. At the option of the Corporation, such nominee director/s shall not be liable to retirement by rotation of directors. Subject as aforesaid, the nominee director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other director of the company.

(c) The nominee director/s so appointed shall hold the said office only so long as any moneys remain owing by the company to the Corporation or as long as the Corporation holds shares in the company as a result of underwriting or direct Subscription and the nominee director/s so appointed in exercise of the said power shall ipso-facto vacate such office immediately after the moneys owing by the company to the Corporation is paid off or on the Corporation ceasing to hold shares in the Company.

(d) The nominee director/s appointed under this Article shall be entitled to receive all notices of and attend all general meetings, board meetings and of the meetings of the committee of which the nominee director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

(e) The Company shall pay to the nominee director/s sitting tees and expenses the other directors of the Company are entitled to but if any other fees, commission, moneys or remuneration in any form is payable to the directors of the company, the fees, commission, moneys and remuneration in relation to such nominee director/s shall accrue to the Corporation and the same shall accordingly be paid by the company directly to the Corporation. Any expenses that may be incurred by the Corporation or such nominee director/s in connection with their appointment or directorship shall also be paid or reimbursed by the company to the Corporation or as the case may be to such nominee director/s. Provided that if any such nominee director/s is an officer of the Corporation the sitting tees, in relation to such nominee director/s shall also accrue to Corporation and the same shall accordingly be paid by the company directly to the Corporation

83. Alternate Directors

The Board may appoint any person to act as an alternate Director for a Director during the latter’s absence for period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate Director, shall be entitled to notice of meeting of the Board and to attend and vote there at accordingly, but he shall ipso facto vacate office it and when the absent Director returns to the State in which meetings of the Board are ordinarily held on the absent Director vacates office as a Director..

84. Rotation of Directors

At the first Annual General Meeting of the Company, all the Directors and at the Annual General Meeting of the Company in every subsequent year one-third of such of the Directors for the time being as are liable by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.

85. Retiring Director eligible for re-election

A retiring Director shall be eligible for re-election and shall act as a Director throughout he meeting at which he retires.

86. Adjournment of meeting for election of Directors

Subject to any resolution for reducing the number of Directors, if at any meeting at which an election of Directors ought to take place the places of the retiring Directors are not filled-up, the meeting shall stand adjourned till the same day in the next week or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting the places of the retiring Directors are not filled-up the retiring Directors or such of them as have not had their places filled-up shall (if willing to continue in office) be deemed to have been re-elected at the adjourned meeting.

87. Vacation of office by director

The Office of a Director shall be deemed to have been vacated:

(a) Ipso facto, in the eventualities mentioned in Sec. 283 of the Companies Act, 1956;

(b) In the event of the registration by a Director or the withdrawal of his nomination in the case of a nominated Director, on the date on which the letter of resignation or the letter of withdrawal of his nomination, as the case may be is received by the company.

88. Meetings of Directors

The Directors may meet together for the dispatch of business adjourned and otherwise regulate their meetings and proceedings as they think fit

89. Summoning a meeting of Directors

The Secretary may at any time, and upon request of any two Directors shall summon a meeting of the Directors.

90. Voting at meeting

Subject to the provisions of the Act, questions arising at any meeting shall be decided by a majority of votes, each Director having one vote, and in case of an equality of votes, the Chairman shall have a second or casting vote.

91. Chairman of Meeting

The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors; Provided that if the Chairman of the Board of Directors is not present the Directors present shall choose one of their members to be Chairman of such meeting

92. Acts of Meeting

A meeting of Directors in which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company and the Act for the time being vested in or exercisable by the Directors.

93. Delegation of Committees

The Directors may subject to compliance of the provisions of the Act, from time to time delegate any of their powers to Committees consisting of such member or members of their body as they think fit, and may from time t time revoke delegation. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Directors. The meeting and proceedings of and such Committee, it consisting of two or more members, shall be governed by the provisions for regulating the meetings and proceedings of the Director so far as the same are applicable thereto and, are not superseded by and regulation made by the Directors under this Article.

94. Validity of acts

All acts done at any meeting of Directors or a Committee of the Directors or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of and such Directors, Committee or person acting aforesaid or that they or any of them were disqualified, be as valid as if every such person has been duly appointed and was duly qualified, Provided always that nothing in this Article-shall be deemed to give validity to acts done by such Directors, Committee or Person acting as aforesaid after it has been shown that there was some defect in any appointment or that they or any of them were disqualified.

95. Resolution by circulation

A resolution may be passed by the Board by circulation in accordance with the provisions of Section 289 of the Act.

96. Minutes to be made

The Directors shall cause minutes to be duly entered in the books provided for the purpose-

a) of all appointments of officers and Committees made by the Directors;

b) of the names of the Directors present at each meeting

c) of the Directors and of any Committee of Directors;

of all orders made by the Directors and Committee of Directors;

d) of all resolutions and proceedings of General Meetings and of meetings of Directors and Committees.

And any such minutes of any meeting of Directors or of any Committee or of the Company, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be receivable as prima facie evidence of the matters in such minutes.

97. General powers of Company vested in Directors

The business of the Company shall be managed by the Directors who in addition to the powers and authorities by these presents or otherwise expressly conferred upon them may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not **hereby** or by law expressly directed or required to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of any law and of these presents and to any regulations, not _ being inconsistent with these presents, from time to time made by the Company in General Meeting; Provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

98A. Delegation of powers by Directors

Without prejudice to the general powers conferred by the preceding Article, the Directors may, from time to time, subject to the restrictions contained in the Act, delegate to any of the Directors, employees or other persons including any firm or body corporate, any of the powers, authorities and discretions for the time being vested in the Directors.

98B. All deeds, agreements and all cheques, promissory notes, drafts, hundies bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, or endorsed or otherwise executed, as the case may be, by such persons (including any firm or body corporate) whether in the employment of the Company or not and in such manner as the Directors shall, from time to time, determine.

99. Management abroad

The Directors may make such arrangements as may be thought fit for the management of the Company's affairs abroad and may for this purpose (without prejudice to the generality of their powers) appoint boards, attorneys and agents and fix their remuneration, and delegate to them such powers as may be deemed requisite or expedient. The Company may have for use abroad such official seal as is provided for by Section 50 of the Act Such seal shall be affixed by the authority and in the presence of, and the instruments sealed therewith shall be signed by such persons as the Directors shall, from time to time, by writing under the Seal appoint. The Company may also exercise the powers of keeping Foreign Registers as provided by the Act.

100. Management

The Board of Directors may appoint managing or whole time Director/Directors or Manager to manage the affairs of the Company and/or a Secretary or other officers for such period and on such remuneration and on such terms and conditions with the sanction, when so required by the Act, of the shareholders in a General Meeting and/or approved by the Central Government. Managing or whole time Directors, if any, shall not be liable to retire by rotation.

101. Custody of Seal

The Directors shall provide a Seal for the purpose of the Company and shall have power from time to time, destroy the same and substitute a new Seal in lieu thereof and, shall provide for the safe custody of the Seal and the Seal shall except as otherwise empowered under the Act or Rules there under, never be used except by the authority of the Directors or a Committee of the Directors and, one Director shall sign every instrument to which the Seal is affixed. Provided nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Directors to issue the same.

105. Division of Profits

The net profits of the Company (after making provision if any, for sinking, depreciation and reserve funds and for carrying forward balances for the next years) shall subject to the rights of holders of preference shares and to any resolution of the Company attaching any special privileges to other shares and to the provisions of these Articles, be divisible among the Equity shareholders subject as provided in Article 19 in proportion to the amounts paid up on the Equity shares held by them respectively.

106. Capital paid in advance of calls

When Capital is paid-up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

107. Declaration and payment of Dividends

The Company in General Meeting may declare a dividend to be paid to the Members according to their rights and interest in the profits and may fix the time for payment subject to the provisions of Section 207 of the Act.

108. Restrictions on amount of Dividends

No larger divided shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.

109. Dividend out of profits only and not to carry interest

No dividends shall be payable except out of the profits of the Company of the year or any other undistributed profit.

110. When to be deemed net profits

The declaration of the Directors as to the amount of the profits of the Company in any year shall be conclusive, subject to the provisions of the Act.

111. Interim Dividends

The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

112. Debt may be deducted

The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

113. Company may retain dividends

The Directors may retain the dividend payable upon shares in respect of which any person is wider 'The Transmission Article' entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect thereof shall duly transfer the same.

114. Dividend and call together

Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call made earlier payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members be set against the call.

115. Capitalisation of Reserves

Any General Meeting may, upon the recommendation of the Directors. resolve that any moneys, investments or other assets forming part of undivided profits of the Company standing to the credit of any reserve fund or special account or in the hands of the Company and available for dividend including any profits arising from the sale of the assets of the

Company or any part thereof or by reasons of any other accretion to capital assets representing premium received on the issue of shares and stand to C credit of the share premium account, be capitalised and distributed (in the manner and to the extend permissible under the provisions of the Act) amongst such of the shareholders as would be entitled to receive the san if distributed by way of dividend and in the same proportions on the footing that they become entitled therto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up full either at par or at such premium as the resolution may provide any unissued shares debentures or debenture-stock (in the manner and to the extent aforesaid) of the Company which shall be allotted and distributed accordingly or towards payment of the uncalled liability on any issue shares, or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholder in full satisfaction of their interest in the said capitalised sum.

116. Fractional certificates

For the purpose of giving effect to any resolution under the preceding Article, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular, may issue fractional certificates or ignore fractions or any vest the same in trust for the persons entitled as may seem expedient to the Directors. Where requisite a property contract shall be filled in accordance with the provisions of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the divided or capitalised fund, and such appointment shall be effective.

117. Any one of joint holders can give receipts

Any one of several persons who are registered as joint-holders of any share may give effective receipts for all dividends and payments on account of dividends in respect of such shares.

118. Payment by post

Unless otherwise directed any dividend may be paid by cheque, warrant or postal money order sent through the post to the registered address of the member or person entitled thereto or in the case of joint-holders to the registered address of that one whose name stands first on the Register in respect of the joint-holding or to such person and such address as the member or person entitled or such joint-holders, as the case may be, may direct.

119A. When payment of a good is charged

The payment of every cheque or warrant sent under the provisions of the last preceding Article shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof; Provided nevertheless that the Company shall not be responsible for the loss of any cheque, dividend warrant or postal money order which shall be sent by post to any member or by his order to any other persons in respect of any dividend.

119B. Forfeiture of unclaimed Dividends

There will be no forfeiture of unclaimed dividends, which shall be dealt with in accordance with the provisions of sections 205A & 205B of the Companies Act.

121. Distribution of Assets

Upon the winding up of the company, the holders of preference shares if any, shall be entitled to be paid all arrears of preferential dividend to the commencement of winding up and also to be repaid the amount of capital paid up or credited as paid upon such preference shares held by them respectively, in priority to the equity shares, but shall not be entitled to any other further rights to participate in profits or assets, subject as aforesaid and to the rights of any other holders of shares entitled to received preferential payment over the equity shares, in the event of winding up of the company. The holders of equity shares shall be entitled to be repaid, the amount of capital paid up or credited as paid up such shares and all surplus assets thereafter shall belong to the equity holders in proportion to the amount paid up or credited as paid up on such equity shares respectively, at the commencement of winding up. If the assets shall be insufficient to repay the whole of the paid up equity share capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members holding equity shares in proportion to the capital paid up or which ought to have been paid up on the equity shares held by them respectively at the commencement of the winding up other than the amounts paid by them in advance of calls.

122. Distribution of Assets in specie

If the Company shall be wound up, whether voluntarily or otherwise, the Liquidators may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide among the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the Liquidators with the like sanction shall think fit.

J. LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company), which are or may be deemed material have been entered or are to be entered into by the Company. Copies of these contracts and also the documents referred to hereunder, will be delivered to BSE (Designated Stock Exchange). These documents may be inspected at the Registered Office of the Company at "Dutron House", Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009, Gujarat, from 11:00 am to 2:00 pm on all working days, from the date of this Letter of Offer until the date of closure of the Subscription List.

Material Contracts

1. Memorandum of Understanding entered into between the Company and Vivro Financial Services Private Limited, Lead Manager to the Issue dated 22nd July, 2006.
2. Tripartite agreement entered between the Company, Central Depository Services (India) Limited and Pinnacle Shares Registry Private Limited dated 9th February, 2001.
3. Tripartite agreement entered between the Company, National Security Depository Limited and Pinnacle Shares Registry Private Limited dated 8th February, 2001.
4. Copy of Memorandum of Understanding dated 16th April, 2003 between the Company and Share Transfer Agent i.e. Pinnacle Shares Registry Private Limited.
5. Copy of Memorandum of Understanding dated 10th June, 2006 between the Company and Pinnacle Shares Registry Private Limited, Registrar to the Rights Issue.
6. Special Resolutions containing the terms and conditions for reappointment of Mr. Sudip B. Patel as Joint Managing Director with effect from 1st day of April, 2004 and reappointment of Mr. Rasesh H. Patel as Joint Managing Director with effect from 1st day of April, 2004 passed by the members at the Annual General Meeting held on 24th September 2004.
7. General License Agreement dated 14th May, 1993 with Wavin Overseas B.V., a Company incorporated in the Netherlands.

Material Documents

1. Memorandum and Articles of Association of the Company.
2. Notice No. 3935/ 94 dated July 13, 1994 issued by the BSE informing its members about admitting the securities of the Company for dealings on the BSE.
3. Resolution passed by the Board of Directors in its meeting held on 22nd February, 2006 authorizing the Issue.
4. Consents from Directors, Auditors, Bankers to the Company, Banker to the Issue, Lead Manager to the Issue, Registrar to the Issue and Legal Advisor to the Issue.
5. Annul reports of the Company for the last five years and half yearly Audited Financial Report dated 30th September, 2006.
6. Auditors' Report of the Company dated 15th December, 2006 giving the financial information given in the Letter of Offer.
7. Tax Consultant's Certificate dated 10th July,2006 regarding tax benefits.
8. Letter of intent for the subscription to rights entitlement and unsubscribed portion, received from the Promoters.
9. In-principle approvals dated 15th September, 2006 from BSE for listing of the securities offered in this issue.
10. Insurance Certificate from National Insurance Company Limited with respect to the insured assets of the company.
11. Copy of SEBI Observation Letter No. CFD/DIL/SM/ISSUES/2006 dated November 18, 2006.

K. DECLARATION

This is to confirm that all the relevant provisions of the Act, and the guidelines issued by the Government have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Act, and rules made thereunder. All the legal requirements connected with this said offer as also the guidelines, instructions etc., issued by SEBI, the Government and any other Competent Authority in this behalf have been duly complied with.

Undertaking

We, the Directors of Dutron Polymers Ltd., declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this Letter of Offer have been suppressed/ withheld and/or incorporated in a manner that would amount to misstatement /misrepresentation and in the event of it transpiring at any point of time till allotment/refund, as the case may be, that any information / material has been suppressed/ withheld and /or amounts to misstatement/ misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of section 63 of the Act.

Since the date of last financial statement disclosed in this Letter of Offer, there have been no circumstances that materially and adversely affect or are likely to affect the profitability of the company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

All the Directors of the Company including Mr. Manan Bhavsar in his capacity as Compliance Officer of the Company certify that all disclosures made in the Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS OF DUTRON POLYMERS LIMITED

Sr. No.	Name	Signature
1.	Mr. Sudip B. Patel	
2.	Mr. Rasesh H. Patel	
3.	Mr. Alpesh B. Patel	
4.	Mr. Chandulal T. Shah*	
5.	Mr. Ashvin V. Kothari*	
6.	Mr. Kaushik N. Patel*	

*Signed through duly constituted Attorney Mr. Rasesh H. Patel.

Signed by Mr. Manan Bhavsar
Compliance Officer

Place: Ahmedabad

Date: December 28, 2006.