



ARVIND INTERNATIONAL LIMITED

(Company Registration No. 051709)

(The Company was originally incorporated as Arvind International Private Limited on 10th May, 1991 in Kolkata, by the Registrar of Companies, West Bengal. The Company subsequently became a Public Limited Company by changing its name to Arvind International Limited and a fresh Certificate of Incorporation consequent to such change was granted to the Company on 10th August, 1994. The Company was initially promoted by Mr. Dinesh Chandra Bajoria and Mrs. Kanta Bajoria.

Registered Office: 15, Ganesh Chandra Avenue, 2nd Floor, Kolkata - 700 013, West Bengal, India.

Tel No: 033-32573873, **Fax No:** 033-22118014.

E-Mail: neha@arvindinternational.com, **Website:** www.arvindinternational.com

Corporate Office: 131-134, Vrindavan Vihar, D.C.M., Ajmer Road, Jaipur - 302 019, Rajasthan, India

Tel No: 0141-3267846, **Fax No:** 0141-2810324,

Contact Person: Ms. Neha Chaudhary, Company Secretary & Compliance Officer

For private circulation to the Equity Shareholders of the Company only

LETTER OF OFFER

ISSUE OF 84,12,540 EQUITY SHARES OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ 13.50 EACH INCLUDING A PREMIUM OF ₹ 3.50 PER EQUITY SHARE AGGREGATING TO AN AMOUNT OF ₹ 1135.69 LACS TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 6 EQUITY SHARES FOR EVERY 5 EQUITY SHARES HELD ON RECORD DATE I.E. 2ND AUGUST, 2011. THE ISSUE PRICE IS 1.35 TIMES OF THE FACE VALUE OF THE EQUITY SHARE.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities offered in the issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document. **Investors are advised to refer to "Risk Factors" on Page No. 11 of this Letter of Offer before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and Calcutta Stock Exchange Limited (CSE). The Equity Shares of the Company has been delisted from Ahmedabad Stock Exchange Limited (ASE) on 31st March 2011. The Equity Shares offered through this Letter of Offer are proposed to be listed on BSE. BSE is the Designated Stock Exchange. The Company has received in-principle approvals from BSE for the listing of the Equity Shares to be allotted pursuant to the Issue, vide letter number DCS/PREF/SI/IP-RT/1080/10-11 dated 24th February, 2011.

LEAD MANAGER TO THE ISSUE



Sumedha Fiscal Services Limited

8B, Middleton Street,
Geetanjali, Room No.6A,
Kolkata-700071

Ph: 033-2229 8936/6758/3237

Fax: 033-2226 4140/ 2265 5830

SEBI Regn. No. INM000008753

Web Site : www.sumedhafiscal.com

E-mail: compliance@sumedhafiscal.com

Contact Person: Mr. Jayabrata Mukherjee

REGISTRAR TO THE ISSUE



Niche Technologies Pvt. Ltd.

D-511, Bagree Market, 5th Floor,
71, B.R.B. Basu Road, Kolkata - 700 001

Ph: 033-22357270/7271; 2234 3576

Fax: 033-22156823

SEBI Regn. No. INR000003290

Web-site: www.nichetechpl.com

E-mail: ail.rights@nichetechpl.com

Contact Person: Mr. S. Abbas /
Mr. Aniruddha Dutta

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIPT OF REQUESTS FOR SPLIT APPLICATION FORMS	ISSUE CLOSURES ON
11 th August, 2011	22 nd AUGUST, 2011	26 th August, 2011

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SECTION – I. DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Letter of Offer.

Terms	Description
“Arvind International Limited”, “AIL”, “the Company”, “the Issuer Company”, “ the Issuer”, “we”, “us” and “our”	Unless the context otherwise requires, refers to Arvind International Limited, a public limited company incorporated under the Companies Act, 1956.
Promoter and Promoter Group	Mr. Arvind Bajoria, Mrs. Anupama Bajoria, Mrs. Kanta Bajoria, Mr. Dinesh Chandra Bajoria, Arvind Chemicals Ltd., Arvind Coirfoam Pvt. Ltd., Ruchika Tradelink Pvt. Ltd., Sakal Holding Pvt. Ltd., Mr. Ramesh Chandra Bajoria, Ms. Rashmi Bajoria, Ms. Ruchika Bajoria, Ms. Sharda Bajoria, Ms. Shweta Bajoria, Ms. Shweta Jain, Ms. Smriti Bajoria & Aparna Polyflex Pvt. Ltd.

1. CONVENTIONAL / GENERAL TERMS

Terms	Description
Articles / Articles of Association	The Articles of Association of the Company
Auditors	The statutory auditors of the Company, being M/s N. C. Banerjee & Company, Chartered Accountants, 2, Ganesh Chandra Avenue, Kolkata-700013
Board of Directors / Board	The Board of Directors of the Company or a Committee thereof, duly constituted
Companies Act	The Companies Act, 1956, as amended from time to time
Demat.	Dematerialized
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Director(s)	Director(s) of the Company unless otherwise specified
EPS	Earnings Per Share
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed there under
Financial Year / Fiscal Year / FY	The period of twelve months ended March 31 of that particular year, unless specifically otherwise stated
Indian GAAP	Generally Accepted Accounting Principles in India
Industrial Policy	The Industrial policy and guidelines issued there under by Ministry of Commerce and Industry, Government of India.
I.T. Act / IT Act	The Income Tax Act, 1961, as amended from time to time
Memorandum / Memorandum of Association	The Memorandum of Association of the Company
MoU	Memorandum of Understanding
NOC	No Objection Certificate
Non Resident	A “person resident outside India”, as defined under FEMA including FIIs
Non-Resident Indian	A “person resident outside India” as defined under FEMA and who is a citizen of India or is a person of Indian Origin as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
Registered Office	15, Ganesh Chandra Avenue, 2nd Floor, Kolkata - 700 013
Registrar of Companies / RoC	Registrar of Companies at Kolkata, West Bengal
Securities Act	The United States Securities Act of 1933, as amended from time to time
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations / SEBI (ICDR) Regulations 2009 / ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, and any amendments thereto

Arvind International Limited

SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
SEBI takeover Regulations / Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994

2. ISSUE RELATED TERMS

Terms	Description
Abridged Letter of Offer	The Abridged Letter of Offer to be sent to the eligible Equity Shareholders of the Company with respect to this Issue, in accordance with SEBI Regulations
Application	Unless the context otherwise requires, the application for allotment of Equity Shares in the Issue
Allotment / Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Investor	An applicant who is applying through a bank account maintained with SCSBs.
Bankers to the Issue	HDFC Bank Limited
Compliance Officer	Ms. Neha Chaudhary, Company Secretary & Compliance Officer
Composite Application Form / CAF	The form used by an investor to make an application for allotment of Equity Shares in this Issue
Consolidated Certificate	In case of holding Equity Shares in physical form, the Company would issue one certificate for the Equity Shares allotted to one folio
Controlling Branches	Such branches of the SCSBs which coordinate applications under the Issue by the ASBA Investors with the Registrar to the Issue and the Stock Exchanges and a list of which is available at SEBI's website; that is at http://www.sebi.gov.in
Designated Stock Exchange	The designated stock exchange for the Issue shall be The Bombay Stock Exchange Limited
Draft Letter of Offer / DLOF	This Draft Letter of Offer dated 31.01.2011 filed with SEBI for its observation.
Equity Shareholder(s)	A holder(s) of Equity Shares of the Company as on the Record Date
Issue	The issue of 84,12,540 Equity Shares of ₹ 10/- each for cash at a price of ₹ 13.50/- each including premium of ₹ 3.50/- per Equity Share aggregating to an amount of ₹ 1135.69 Lacs by the Company to the Equity Shareholders on rights basis in the ratio of 6 Equity Shares for every 5 Equity Shares held on record date i.e. 2 nd August, 2011
Issue Closing Date	26 th August, 2011
Issue Opening Date	11 th August, 2011
Issue Price	₹ 13.50/- per Equity Share
Investor(s)	The Equity Shareholders and Renounees
Lead Manager	Sumedha Fiscal Services Limited
Letter of Offer / LOF	Letter of Offer dated 20 th July, 2011 as filed with the Stock Exchange after incorporating SEBI's comments on the Draft Letter of Offer
Listing Agreement	The Equity Listing Agreement signed between the Company and the Stock Exchange

Net Proceeds	The Issue Proceeds less the Issue Expenses. For further information about use of the Issue Proceeds and the Issue Expenses see “Objects of the Issue” on page 44 of this Letter of Offer
Record Date	2 nd August, 2011
Registrar to the Issue / Registrar	Niche Technologies Pvt. Ltd., D-511, Bagree Market, 5 th Floor, 71, B.R.B. Basu Road, Kolkata – 700 001
Renounees	Persons who have acquired Rights Entitlements from Equity Shareholders
Rights Entitlement	The number of Equity Shares that an Equity Shareholder is entitled to in proportion to his / her shareholding in the Company as on the Record Date i.e. 2 nd August, 2011
Rights Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Bank Account for the issue on the designated date
Stock Exchange	Where the Equity Shares of the Company are presently listed

3. COMPANY / INDUSTRY RELATED TERMS AND ABBREVIATIONS

Terms	Description
ACL	Arvind Chemicals Limited
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amount
ASE	Ahmedabad Stock Exchange Limited
AY	Assessment Year
BM	Meeting of Board of Directors
BSE	Bombay Stock Exchange Limited
BG/LC	Bank Guarantee / Letter of Credit
BV	Book Value
CSE	Calcutta Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
DIN	Director’s Identification Number
DP	Depository Participant
DP ID	Depository Participant Identification Number
DTAA	Double Taxation Avoidance Agreement
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
ESOP/ESOS	Employee Stock Option Scheme
FCNR Account	Foreign Currency Non Resident Account
FII	Foreign Institutional Investor [as defined under Securities & Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time] registered with SEBI under applicable laws in India
FIs	Financial Institutions
FIPB	Foreign Investment Promotion Board
FITL	Funded Interest Term Loan
FVCI/FOREIGN VENTURE CAPITAL INVESTORS	Foreign Venture Capital Investors registered with SEBI under the Securities & Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GIR	General Index Registry Number
GOI	Government of India
HR	Human Resource
HUF	Hindu Undivided family
ICAI	The Institute of Chartered Accountants of India

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INR	Indian Rupee, the legal currency of the Republic of India
ISIN	International Securities Identification Number
ISO	International Organization for Standardization
IT Act	Income Tax Act
LTCG	Long Term Capital Gain
Ltd.	Limited
M.T.	Metric Ton
MTPA	Metric Tons Per Annum
N.A.	Not Applicable
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NR	Non Resident
NRE Account	Non Resident (External) Account
NRI	Non Resident Indian
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Body
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
P.U.	Polyurethane
R&D	Research & Development
RBI	Reserve Bank of India
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
SBAR	State Bank Advanced Rate
SBI	State Bank of India
SCSB	Self Certified Syndicate Bank
SEBI	Securities and Exchange Board of India
SEZ	Special Economic Zone
STCG	Short Term Capital Gain
STDR	Special Term Deposit Receipt
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
USD/\$/US\$	United States Dollar, the legal currency of the United States of America
WCTL	Working Capital Term Loan
WDV	Written Down Value

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Equity Shareholders of the Company and will dispatch the Abridge Letter of Offer and Composite Application Form (“CAF”) to the shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI for observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in this Letter of Offer. Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company’s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), an offer of the Equity Shares to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of Equity Shares to the public in that Relevant Member State at any time may be made:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than Euro 4,30,00,000 and (3) an annual net turnover of more than Euro 5,00,00,000, as shown in its last annual or consolidated accounts; or
- in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

Provided that no such offer of Equity Shares shall result in the requirement for the publication by the Company pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an “offer to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State. This European Economic Area selling restriction is in addition to any other selling restriction set out below.

United Kingdom Restrictions

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Equity Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Equity Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

NO OFFER IN THE UNITED STATES

The rights and the securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the “United States” or “U.S.”) or to, or for the account or benefit of, “U.S. persons” [as defined in Regulation S under the Securities Act (“Regulation S”)], except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Letter of Offer are being offered in India, but not in the United States. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, the Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

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

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

PRESENTATION OF FINANCIAL INFORMATION

Unless stated otherwise, the financial data in the Letter of Offer is derived from the Company's audited financial statements as on March 31, 2011 prepared in accordance with Indian GAAP, the Companies Act and SEBI Regulations, as stated in the report of the statutory Auditors, M/s N. C. Banerjee & Company, Chartered Accountants in the chapter titled "*Financial Statements*" beginning on page 69 of the Letter of Offer.

The Company's fiscal year commences on April 1 and ends on March 31 of the following calendar year. Unless stated otherwise, all references to a particular fiscal year are to the 12 months period ended March 31 of that year.

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

Currency of Presentation

All references to "Rupees", "INR", "Rs." or "₹" are to Indian Rupees, the official currency of the Republic of India.

In the Letter of Offer, unless the context otherwise requires, all references to "India" are to the Republic of India, all references to the "US" or the "U.S." or the "USA", or the "United States" are to the United States of America, and all references to "UK" or the "U.K." are to the United Kingdom.

SECTION – II. RISK FACTORS

1. FORWARD LOOKING STATEMENTS AND MARKET DATA

Statements included in the Letter of Offer which contain words or phrases such as “will”, “aim”, “will 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 are “forward looking statements”. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company’s expectations with respect to, but not limited to:

- General economic and business conditions in the markets in which the Company operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/ areas in which the Company operates;
- Increased competition in the sector/ areas in which the Company operates;
- The Company’s ability to meet the capital expenditure requirements;
- Fluctuations in operating costs;
- Changes in technology;
- Changes in political and social conditions in India or in countries that the Company may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which the Company is involved.

Neither the Company, Directors, the Lead Manager, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, 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 for the Equity Shares being offered on a rights basis.

For a further discussion of factors that could cause the Company’s actual results to differ, see the sections titled “*Risk Factors*” beginning on page number 11 of the Letter of Offer respectively. 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.

Use of Market Data

Unless stated otherwise, macroeconomic and industry data used throughout the Letter of Offer has been obtained from publications prepared by Government sources, industry sources and data generally available in the public domain. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in the letter of Offer is reliable; it has not been independently verified.

2. RISK FACTORS

The investors should consider the following risk factors together with all the information included in the Letter of Offer carefully, in evaluating the Company and its business before making any investment decision. Any projections, forecasts and estimates contained herein are forward looking statements that involve risks and uncertainties. Such statements use forward looking terminology like “may”, “believes”, “will”, “expect”, “anticipate”, “estimate”, “plan” or other similar words. The Company’s actual results could differ from the anticipated in these forward-looking statements as a result of certain factors including those, which are set forth in the “Risk Factor” below.

Materiality:

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

- a) Some events may not be material individually, but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at the time of making disclosure in the Letter of Offer but may be having material impacts in the future.

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

A. MATERIAL LITIGATIONS WHICH IMPACT THE COMPANY’S BUSINESS

- 1) **The Company and its Group Companies are involved in certain litigations, a summary of which is given hereunder:**

Sl. No.	Particulars	No. of Cases	Amount (₹ in Lacs)
1.	Litigation filed against Issuer Company	11	179.86
2.	Litigation filed against Group / Associate Companies	5	66.86
3.	Litigation filed by the Issuer Company	1	30.79
4.	Litigation filed by the Promoter/Directors	1	2.50
	TOTAL	18	280.01

For further details, please refer to page no. 89 to 93 of the Letter of Offer

B. RISK FACTORS RELATING TO THE COMPANY, BUSINESS, ISSUE & OBJECTS OF THE ISSUE

- 2) **There are restrictive covenants in the agreements the Company had entered into with SBI for working capital credit facilities and other borrowings.**

The Company has entered into agreements with State Bank of India for working capital credit facilities and other borrowings for which the current assets and future income receivables and fixed assets have been charged. Some of these agreements contain restrictive covenants relating to changes in Company’s capital structure, investments, expansion projects, charges creation, declaration of dividends and Commitment Charges etc. For more details of these restrictive covenants, please refer page no. 32 of this Letter of Offer.

- 3) **The Company has unsecured loans that are payable on demand, which may adversely affect its operations and financial performance.**

The Company has unsecured loans which are repayable on demand and it cannot be assured that the Company would be able to replace these facilities on similar terms, or terms favorable to the Company, which may adversely impact the Company’s operations and financial performance.

The Company had availed there unsecured loan on various occasions for its overall business requirements which was largely to meet its working capital needs from time to time.

Arvind International Limited

The details of Unsecured Loan as on 31.03.2011 are as follows:

Name of the Lenders	Amount (₹ in Lacs)	Date	Relation with Promoters/ Directors	Repayable By	Rate of Interest (%)
Octal Securities & Services Pvt. Ltd.	2.00	More than 5 years old	Not related	On Demand	18.00
Kirti Land & Developers Pvt. Ltd.	10.00	More than 5 years old	Not related	On Demand	18.00
Parshawa Impex Pvt. Ltd.	10.08	More than 5 years old	Not related	On Demand	12.00
Toshita Fiscal Services Ltd.	15.00	More than 5 years old	Not related	On Demand	Nil
Daruka Re Rollers Pvt. Ltd.	8.49	09.10.09	Not related	On Demand	10.50
Super Star Leafin Pvt. Ltd.	3.07	20.05.10	Not related	On Demand	12.00
Stratigic Vaniyyap Ltd.	7.09	16.09.10	Not related	On Demand	10.50
Vaishno Dham Tracon Pvt. Ltd.	10.51	16.09.10	Not related	On Demand	10.50
Rukhma Investment Fin. Pvt. Ltd.	10.00	27.09.10	Not related	On Demand	12.00
Montorose Commodities Pvt. Ltd.	6.48	16.09.10	Not related	On Demand	10.50
Believe Enterprises Ltd.	14.00	30.09.10	Not related	On Demand	9.00
Narsingpore Tea Co Pvt. Ltd.	10.09	17.03.11	Not related	On Demand	12.00
Gita Ganesh Promoters Ltd.	25.12	14.01.11	Not related	On Demand	12.00
Mr. Mahesh Chand Shah	7.50	13.09.10	Not related	On Demand	Nil
Mr. Arvind Bajoria	30.00	09.09.10	Promoter Director	On Demand	Nil
Mr. Arvind Bajoria	12.50	18.09.10	Promoter Director	On Demand	Nil
Mr. Arvind Bajoria	12.50	22.09.10	Promoter Director	On Demand	Nil
Mr. Arvind Bajoria	25.00	27.09.10	Promoter Director	On Demand	Nil
Mr. Arvind Bajoria	20.00	27.09.10	Promoter Director	On Demand	Nil
Mr. Arvind Bajoria	20.00	28.09.10	Promoter Director	On Demand	Nil
Mr. Sanjeev Jain	5.00	09.09.10	Not related	On Demand	Nil
Mrs. Sulochana Devi Jain	5.00	09.09.10	Not related	On Demand	Nil
Mrs. Anupama Bajoria	12.50	09.09.10	Promoter Director	On Demand	Nil
Mrs. Anupama Bajoria	12.50	18.09.10	Promoter Director	On Demand	Nil
Mrs. Anupama Bajoria	12.50	18.09.10	Promoter Director	On Demand	Nil
Mrs. Anupama Bajoria	12.50	27.09.10	Promoter Director	On Demand	Nil
Mr. Darshan Mahesh Bhai Shah	7.50	20.09.10	Not related	On Demand	Nil
Mr. Ankur Jain	5.00	30.09.10	Not related	On Demand	Nil
Total	331.93				

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The Company intends to utilize ₹ 200.00 Lacs towards repayment and/ or pre-payment of such outstanding loans of ₹ 331.93 Lacs, out of the Net Proceeds of the Rights Issue.

Further, the Boards of Directors of the Company vide their meeting held on 9th November 2010 decided that, the individual lenders shall be given priority over Corporates, towards the repayment of unsecured loans.

Following are the details of the Unsecured Loans, to whom the Company propose to repay from the proceeds of this Issue:

Name of the Lenders	Principal Loan Amount (₹ in Lacs)	Outstanding Loan Amount as on 31.03.2011 (₹ In Lacs)	Relation with Promoters/Directors	Repayable By	Applicable Rate of Interest
Mr. Mahesh Chand Shah	7.50	7.50	Not related	On Demand	Nil
Mr. Arvind Bajoria	120.00	120.00	Promoter Director	On Demand	Nil
Mr. Sanjeev Jain	5.00	5.00	Not related	On Demand	Nil
Ms. Sulochana Devi Jain	5.00	5.00	Not related	On Demand	Nil
Mrs. Anupama Bajoria	50.00	50.00	Promoter Director	On Demand	Nil
Mr. Darshan Mahesh Bhai Shah	7.50	7.50	Not related	On Demand	Nil
Mr. Ankur Jain	5.00	5.00	Not related	On Demand	Nil
Total	200.00	200.00			

The Company intends to repay certain outstanding loans to an extent, in order to improve Debt / Equity Ratio, allow flexibility in financial management of the operations and meet its obligation for larger operations and better growth. The Company has presently not approached any of its lenders and does not propose to approach its lenders until after the completion of this Issue regarding prepayment of some of the above loans. The entire amount is scheduled to be deployed in the Year 2011.

4) The Company has recently started coal trading business for which no working capital arrangement was made:

The Company has started coal trading business on 22.12.2010, for which no separate working capital arrangements has been made by the Company. There has been no instance in the past where the Company is unable to deliver coal to the buyers in time or the payment could not be recovered from the buyers in time. However, in the future, if the Company is unable to deliver coal to the buyers in time or if the payment could not be recovered from the buyers in time, it may adversely affect the Company's operations and financial condition.

The Company has no infrastructure facility apart from an office for the coal trading business which is located at Jamnagar, Gujarat. The Company normally use port designated warehouses for storage of the materials. The Company deals in all types of coal and metcoke, for industrial uses. For the transportation of Coal normally local lorry is being used from various transporters, which is arranged by the buyers.

Out of the Total revenue of the Company of ₹ 11752.86 Lacs, the revenue of the Company from coal trading business, during the year ended 31st March 2011 is ₹ 9462.36 Lacs which aggregates to 80.51% of the total revenue.

5) The Company intends to utilize ₹ 807.18 Lacs towards repayment and/ or pre-payment of sundry creditors, secured and unsecured loans out of the Net Proceeds of the Rights Issue. The breakup of ₹ 807.18 Lacs is as follows:

Particulars	Amount in (Lacs)
Sundry Creditors	117.97
Unsecured Loans	200.00

Secured Loans	489.21
Total	807.18

*Note: Towards Repayment/Pre-payment of Certain Sundry Creditors & Secured/Unsecured Loans totaling ₹ 807.18 Lacs out of which an unsecured loan of ₹ 170.00 Lacs of the promoters will also be repaid.

- 6) **Company's business depends on its manufacturing facility and the loss of or shutdown of operations of the manufacturing facility on any grounds could adversely affect its business or results of operations.**

Company's manufacturing facility are subject to operating and natural risks, such as fire, explosions, leaks, breakdown or failure of equipment, shortage of raw materials, performance below expected levels of output or efficiency, natural disasters, obsolescence, labour disputes, strikes, lock-outs, industrial accidents, social unrest, severe weather and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect company's operating results, and the loss or shutdown of operations at its manufacturing facility will have a material adverse affect on its business, financial condition and results of operations.

Although the Company takes precautions to minimize the risk of any significant operational interruptions at the Company's facility, there can be no assurance that there will be no such interruptions in the future or that any such interruptions that might occur will not have a material adverse effect on the financial condition and results of operations.

- 7) **The promoters/promoter group have pledged their Equity Shares as collateral security under agreements executed with lenders in connection with the credit facilities obtained from them. In the event of any default under the said agreements, the lenders may enforce aforementioned pledges, which could result in a change in control of the Company.**

As on 31st December, 2010, 9,51,320 Equity Shares constituting 13.58% of the total paid-up Equity Share Capital of the Company, held by the Promoter/ Promoter Group have been pledged. In the event of any default under the existing agreements executed in connection with the credit facilities, the relevant lenders are entitled to seek to enforce the pledge on the Equity Shares held by the Promoters/ Promoter Group and could sell such Equity Shares pledged in the open market. Such enforcement of the pledge on the aforementioned Equity Shares could result in the Promoters losing control of the Company. Any such change of control could significantly influence the Company's business policies, operations and profitability.

As per Regulation 10 of the SEBI (SAST) Regulations, 1997, if any acquirer along with persons acting in concert with him, acquire shares or voting rights which entitle such acquirer to exercise 15% or more of the voting rights in a company, will results in triggering of Takeover Code. The above mentioned pledge attracts Regulation 10 and 12 of the SEBI (SAST) Regulations, 1997, in future.

On dated 3rd September, 2010, further 5,90,000 Equity Shares constituting 8.42% of the total paid-up Equity Share Capital of the Company which were required to be pledged to Mr. Krishna Kumar Kejriwal, Mrs. Lata Kejriwal and Mr. Vivek Kejriwal against the loans taken by Mr. Arvind Bajoria and Mr. Ramesh Chandra Bajoria, in their personal capacity, were by mistake, transferred in the respective names of the Lenders. The same was subsequently rectified and retransferred by dated 13th January, 2011 in the name of Mr. Arvind Bajoria and Mr. Ramesh Chandra Bajoria. The lenders have not done any transactions in the open market with the said shares. Further the said transfer has not triggered SEBI (SAST) Regulations, 1997. However the company has made appropriate compliances under regulation 8A (4) of the SEBI (SAST) Regulations, 1997. For further details please refer page no. 43 of this Letter of Offer, on the said transfer.

Further, there have been instances in the past, where the shares pledged by the promoter/promoter group have been sold in the open market. Sakal Holding Pvt. Ltd. (Promoter group of the Company) had pledged its 2,15,000 shares to Epic Alloy Steel Pvt. Ltd. Due to nonpayment of the requisite amount the shares were sold by the pledgee in the open market on dated 4th September, 2010.

- 8) **Under-utilisation, if any, of capacity of its present manufacturing facility may adversely affect its business, results of operations and financial capacity:**

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The Company's current manufacturing facility is situated in Jaipur (Rajasthan). The capacity utilization in its plant is as follows:

Products	Capacity Utilization in %			
	FY ended 2011	FY ended 2010	FY ended 2009	FY ended 2008
P.U. Foam	7.57%	9.26%	18.90%	20.79%
Rebounced Foam	13.82%	17.50%	14.13%	37.50%

Since the use of production capacity is subject to several variables like availability of raw material, power, water, proper working of machinery, orders on hand, etc., it cannot be assured that in future the Company shall be able to achieve the same or higher level of capacity utilization for its manufacturing facilities. Any under-utilisation of the production capacities may adversely affect its business, results of operations and financial condition.

The reasons for decrease in capacity utilization over the years are as follows:

The Company consequent to restructuring of loans by State Bank of India has stopped making commercial grade PU Foam which had low margin and high risk associated with marketing.

The Company had decided to focus on value added products and make premium PU Foam fetching high rate and margins hence there is an overall drop in the manufacturing activity over the past years. The production will start to increase as more value added products will be manufactured over a period of time.

9) Certain Group/Associate Companies have incurred losses in the past.

The details of Profit / (Loss) after Tax for companies / firms that have incurred losses in the past is as under:

(₹ in Lacs)				
Sl. No.	Group / Associate Company	FY 2010	FY 2009	FY 2008
1.	Ashtavinayak Enterprises Pvt. Ltd*	12.13	(7.91)	-
2.	Happy Mining Pty. Ltd.#	(4.07)	-	-
3.	Sakal Holdings Pvt. Ltd.	(271.73)	(0.43)	0.7

*Date of Incorporation of Ashtavinayak Pvt. Ltd. is 19th May, 2008.

The Company has become subsidiary of Arvind Chemicals Limited on 9th December 2008.

10) Contingent liabilities

Contingent Liabilities not provided for based on the audited figures as on 31/03/2011, are as follows:

Disputed demand from commercial Tax Authority ₹ 1.35 lacs for financial year 2001-02 (Previous year ₹ 1.35 lacs) is under appeal with Deputy Tax Officer, Commercial Taxes Spl-4, Jaipur.

In the event such contingent liabilities materialize it may have an adverse effect on the financial condition and future financial performance of the Company.

11) Loss due to shutdown of unit of the Company due to occurrence of fire:

The Company's facility is also subject to risk of catastrophic loss due to unanticipated events including fire, explosions or adverse weather conditions. The Company had suffered losses at the event of shutdown of Unit II of Company's manufacturing facility located at E225, RIICO Industrial Area, Bagru Extension, Bagru – 303007, due to fire on 12th May, 2008. Unit I of the Company's manufacturing facility was started on 13th October, 2008 with the money received from sale proceeds of the scrape of Unit II. In future, any interruptions in production will inevitably increase production costs and reduce the sales and earnings. Company's manufacturing processes depend on critical polyurethane foam and quilts making equipment, may, on occasion, be out of service as a result of unanticipated failures. The Company has taken utmost care while short-listing the equipments for its manufacturing plant and has ensured that they follow the state of art and contemporary technologies. Company may experience material plant shutdowns or periods of reduced production as a result of any equipment failures. Furthermore, any interruption in its production

capability may require the Company to make capital expenditures, which may have a negative effect on the profitability and cash flows.

12) The Company had negative cash flows in the past.

The Company had a negative cash flow from investing activities of ₹ 43.74 Lacs (for the year ended 2011) and ₹ 54.52 Lacs (for the year ended 2010). Any negative cash flows in the future could adversely affect the Company's operations and financial condition. For further details, see the section titled "Financial Statements" beginning on page 69 of this Letter of Offer.

13) The dependency of the Company on the price, availability and timely supply of raw materials and inputs to the Company's plant and transportation of finished products to customers, which are subject to risks and uncertainties

The products of the Company are raw material intensive, constituting about 80% of its cost of production, so the profitability of the Company depends mostly on the movement of the prices and availability of the raw materials.

Further, the Company depends upon various forms of transport, such as, rail and road to receive raw materials such as, T.D.I., Polyol and Foam Scrape etc. and for delivering the finished products to the Company's customers. The Company owns local delivery vans and small truck for transportation, which is very insignificant, as compared to total transportation facilities to source the raw material and delivery of finished product. The rest of the transportation facilities are hired by the company for which payments are made on freight basis. The transportation facilities may not adequately support the operations due to traffic congestion and unavailability of respective fleet. Further, disruptions of transportation services because of weather related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair the Company's ability to source raw materials and components and the Company's ability to supply the products to customers. Company can provide no assurance that such disruptions will not occur in future. In addition, significant increases in transportation cost may adversely impact the financial results. The Company has not entered into any agreement with any transport agency on long term basis.

14) The Company relies on contract labour for the performance of many of the operations. The Company does not maintain contractual relationship with these contractors.

In order to operate and maintain the plant facilities, including the technical and general administration needs, the manpower requirement has been estimated to approximately 69 (in numbers) out of which 59 of the manpower requirement is on Company's payroll and balance i.e. 10 is arranged through contractors. The Company does not maintain contractual relationship with these contractors. Hence, any change in relationship and any disagreement between the contractor and the Company or shortage of labour, the production of the Company will be effected. In the past, there are no instances of disagreement between the Company and the Contractor and also there is no shortage of any labour for the normal working of the Company.

15) The Company requires certain approvals or licenses in the ordinary course of business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect the Company's operations.

Company requires certain approvals, licenses, registrations and permissions for operating the Company's business, some of which may have expired and for which the Company may have either made or are in the process of making an application for obtaining the approval or its renewal. If Company fails to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, the Company's business may be adversely affected. For further details please refer page no. 94 of this Letter of Offer.

16) Common Pursuits amongst Group Companies.

The Group/ Associate Companies/ Firms viz. Arvind Chemicals Limited, Arvind Coirfoam Private Limited, Ashtavinayak Enterprises Private Limited, Ruchika Tradelink Private Limited, Aparna Polyflex Private Limited, Sakal Holding Private Limited, Happy Mining Pty. Limited have some of the objects/business line similar to that of the Company's business. Such common pursuits may affect business

strategies and thus the financial performance of Issuer Company. Further the group companies are into manufacturing of different type of mattresses like coir mattresses, spring mattresses, P.U. Foam mattresses etc., hence, the aforesaid entity/ies are not directly competing with the Company, as on the date of the Letter of Offer. In future, if any competition comes up, then the Company will adopt necessary procedures and practices as permitted by law to address any conflict situations as and when they arise.

17) The registered office and other premises from which the Company operate are not owned by the Company.

The Company does not own premises from which the registered office is functioning nor does the Company own the premises at which the Corporate Office and Plant are located. The Company operates from leased/rented premises in respect of which it has entered into long term lease/tenancy agreements. None of the Promoter/ Promoter Group or any of its relatives in any way connected with lease / tenancy agreements entered by the Issuer Company. If these agreements are not renewed or renewed on terms and conditions which are unfavorable, the Company may suffer a disruption in the operations which could have a material adverse effect on the business, financial condition and results of operations.

18) The Company's ability to pay dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in certain short-term and long term debt facilities provided to the Company by the lenders.

The Company's ability to pay dividends will depend on its earnings, financial condition, cash flows and working capital requirements. The Company's ability to pay dividends could also be restricted under certain financial arrangements that the Company may enter into. The Company's future dividend policy will depend upon the Company's capital requirements and financial arrangements for the existing project, financial condition and result of operation.

19) The Company has not entered into any long term supply contracts with the customers.

The Company does not, as a matter of practice, enter into long-term supply contracts with the customers for the sale of the products. The Company carries on business with customers on the basis of purchase orders received from time to time, and does not have any long term commitments from the customers to make purchases from the Company of its products. There is no assurance that the Company will continue to receive purchase orders for the products either on substantially the same terms or at all, which could have an adverse effect on the Company's operations and profitability.

20) The insurance coverage may not adequately protect against certain operating hazards and this may have a material adverse effect on the Company's business.

The Company generally takes insurance policies to cover fire, earthquake, etc. in respect of its business. While the Company believes that the insurance coverage that it maintains would be reasonably adequate to cover the risks, there can be no assurance that any claim under the insurance policies maintained by the Company will be honoured fully, in part or on time. To the extent that the Company suffers loss or damage that is not covered by insurance or which exceeds the insurance coverage, the results of operations or cash flows may be affected.

There has been such instance in the past, when the fire has occurred on May 12, 2008 in the unit no.-II of the Company's Plant which was located at RIICO Industrial area, Jaipur, Rajasthan. The total amount of loss occurred due to fire was ₹ 586.47 Lacs, whereas amount claimed from the insurance company was ₹ 352.31 Lacs, for which the amount of claim settled by the insurance Company was ₹ 179.97 Lacs.

21) If the Company is unable to adapt to technological changes, the Company's business could suffer.

The Company has adopted the latest technology for its manufacturing Plant. The Company's future success will depend in part on the Company's ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails technical and business risks. The Company cannot assure that it will successfully implement new technologies effectively or adapt the systems to emerging industry standards. If Company is unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, the Company's business, financial performance and the trading price of the Company's Equity Shares could be adversely affected.

22) The Company has entered into certain business transactions with related parties.

The Company has entered into certain transactions with related parties, including group companies. These transactions or any future transactions with the related parties could potentially involve conflicts of interest. For more information, see section titled “Related Party Transactions”, beginning on page 83 of this Letter of Offer.

Related Party Transactions entered into by the Company for the year ended 31st March, 2011, is as follows:
(₹ in Lacs)

Name of Entity	Relationship	Nature of Transaction	Cumulative Value of the Transactions for the year ended 31.03.2011	For the Year ended 31.03.2011
Arvind Coir Foam Private Limited (ACFPL)	Group Company	Sales	323.42	-
		Purchases	162.97	
		Receivables	-	1.99
Asthavinayak Enterprises Private Limited (AEPL)	Group Company	Sales	222.18	-
		Purchases	204.49	-
		Receivables	-	1.15
Mr. Arvind Bajoria	Key Managerial Personnel	Loans & Advances	-	120.00
		Payables	-	1.52
Mrs. Anupama Bajoria	Relatives of Key Managerial Personnel	Loans & Advances	-	50.00

23) The Company’s business is dependent on the expertise of the senior management and skilled employees; the results of operations may be adversely affected by the cessation of senior management and experienced employees.

The Company’s business is dependent on the directors and senior management for setting the strategic direction and managing the business, which are crucial to the success. Continued success also depends upon the ability to attract and retain a large group of experienced professionals and staff. The loss of the services of the senior management or the inability to recruit, train or retain a sufficient number of experienced personnel could have a material adverse effect on the operations and profitability. The Company do not maintain any key managerial insurance policies for the senior management. The Company’s ability to retain experienced staff members as well as senior management will in part depend on having in place appropriate staff remuneration and incentive schemes. The Company cannot be sure that the remuneration and incentive schemes in place will be sufficient to retain the services of senior management and skilled employees.

24) There is no assurance that the Rights Equity Shares will be listed on the stock exchanges in a timely manner or at all and any trading closures at the stock exchanges may adversely affect the trading price of the Equity Shares.

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be granted until after the Rights Equity Shares have been issued and allotted. Such permission will require that all other relevant documents authorising the issue of the Rights Equity Shares to be submitted. There could be a failure or a delay in listing the Rights Equity Shares on BSE. Any failure or delay in obtaining the approval would restrict the Investor’s ability to dispose of their Rights Equity Shares.

EXTERNAL RISK FACTORS

25) Political, economic and social changes in India could adversely affect the business.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The business, and the market price and liquidity of the shares, may be affected by changes in the Government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of the Equity Shares.

India has also witnessed civil disturbances in recent years. While these civil disturbances have not directly affected the operations of project companies, it is possible that future civil unrest, as well as other adverse social, economic and political events in India, could also adversely affect us.

26) A slowdown in economic growth in India or financial instability in Indian financial markets could materially and adversely affect the results of operations and financial condition.

The Company's performance and the growth of the business are dependent on the performance of the Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates. A slowdown in the Indian economy could adversely affect the business, including the Company's ability to implement the strategy and expand the operations. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon the business. Conditions outside India, such as slowdowns in the economic growth of other countries or increases in the price of oil, have an impact on the growth of the Indian economy and government policy may change in response to such conditions. Any downturn in the macroeconomic environment in India could adversely affect the price of the shares, business and results of operations.

27) Natural calamities could have a negative effect on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. Prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting the business and the price of the Equity Shares.

Pandemic disease, caused by a virus such as H5N1 (the "avian flu" virus) or H1N1 (the "swine flu" virus), could have a severe adverse effect on our business. The potential impact of such a pandemic on our results of operations and financial position is highly speculative, and would depend on numerous factors, including: the probability of the virus mutating to a form that can be passed from human to human; the rate of contagion if and when that occurs; the regions of the world most affected; the effectiveness of treatment of the infected population; the rates of mortality and morbidity among various segments of the insured versus the uninsured population; our insurance coverage and related exclusions; the possible macroeconomic effects of a pandemic on our asset portfolio; the effect on lapses and surrenders of existing policies, as well as sales of new policies; and many other variables.

28) Any downgrading of India's debt rating by an international rating agency could have a negative impact on the business and the trading price of the Equity Shares.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Company's ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on the Company to obtain financing to fund the growth on favourable terms or at all and, as a result, could have a material adverse effect on the results of operations and financial condition.

29) Investors will not be able to immediately sell any of the Equity Shares you purchase in this Issue on the Stock Exchange. Investors can start trading in the Equity Shares only after they have been credited to their dematerialized account and listing and trading permissions are received from the Stock Exchange.

Under the SEBI Regulations, Company is permitted to allot Equity Shares within 15 days of the Issue Closing Date. Consequently, the Equity Shares purchased by the Investors in the Issue may not be credited to their dematerialized account with DPs until 15 days of the Issue Closing Date. They can start trading in the Equity Shares only after they have been credited to their dematerialized account and listing and trading permissions are received from the Stock Exchange.

PROMINENT NOTES:

- (i) Investors may note that in case of over subscription, the allotment shall be as per the procedure stated under the Para “Basis of Allotment” given on Page No. 117.
- (ii) Net Worth of the Company as on March 31, 2011 is ₹ 632.19 lacs as per Audited Financial Statement.
- (iii) The Book Value per Equity Share as on March 31, 2011 is ₹ 9.02 as per Audited Financial Statement, included in this Letter of Offer. For further information, see the section “Financial Statements” beginning on page 69.
- (iv) The Rights Issue comprises of 84,12,540 Equity Shares of ₹ 10/- at a price of ₹ 13.50/- per share (including a premium of ₹ 3.50/- per share) aggregating to an amount of ₹ 1135.69 lacs in the ratio of 6 Equity Shares for every 5 Equity Shares held as on 2nd August, 2011 (i.e. record date)
- (v) Except as stated at page no. 39 under point no. 4 of notes to Share Capital Structure, there have been no transactions in the Company’s Equity Shares by the Promoters, Promoter Group, Directors of the Issuer Company during a period of one year preceding the date of filing of this Letter of Offer with SEBI.
- (vi) All information is being made available by the Lead Manager and the Company to the existing shareholders of the Company, public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
- (vii) For details on related party transactions, please refer to the section titled “Related Party Transaction” on page 83 of this Letter of Offer.
- (viii) The Company, its promoters / Directors, Company’s Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The promoters, their relatives, Issuer, group companies, associate companies are not declared as willful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them except as mentioned in Section “Outstanding Litigation & Defaults” on page no. 89.
- (ix) No loans and advances have been granted to the Directors.
- (x) The Lead Manager and the Company shall update this Letter of Offer and keep the shareholders/public informed of any material changes till the listing and trading commencement and the Company shall continue to make all material disclosures as per the terms of the listing agreement.
- (xi) There are no relationships with statutory auditors to the Company other than auditing and certification of financial statements.
- (xii) Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue.
- (xiii) All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, along with complete details of the application in the Issue such as name, address of the applicant, Rights Entitlement, number of Equity Shares applied for, ASBA account number and the Designated Branch of the SCSB where the application was submitted by the ASBA Investor.

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- (xiv) There has been no financing arrangements made whereby the promoter group, the directors of the Company and their relatives have financed the purchase by any other persons of securities of the Company other than in the normal course of business of the financing entity, during the period of six months immediately preceding the date of filing of the Letter of Offer with SEBI.
- (xv) Related Party Transactions entered into by the Company for the year ended - 31st March, 2011 is as follows:

Name of Entity	Relationship	Nature of Transaction	Cumulative Value of the Transactions for the year ended 31.03.2011	For the Year ended 31.03.2011
Arvind Coir Foam Private Limited (ACFPL)	Group Company	Sales	323.42	-
		Purchases	162.97	
		Receivables	-	1.99
Asthavinayak Enterprises Private Limited (AEPL)	Group Company	Sales	222.18	-
		Purchases	204.49	-
		Receivables	-	1.15
Mr. Arvind Bajoria	Key Managerial Personnel	Loans & Advances	-	120.00
		Payables	-	1.52
Mrs. Anupama Bajoria	Relatives of Key Managerial Personnel	Loans & Advances	-	50.00

- (xvi) The Company satisfies the following conditions as prescribed under Regulation 57(2)(b) of Part E of Schedule VIII of the ICDR Regulations.
- The Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Letter of Offer with the designated stock exchange.
 - The reports, statements and information referred to sub-clause (a) above are available on the website of Bombay Stock Exchange Limited (BSE) one of the recognized stock exchange with nationwide trading terminal.
 - The Company has investor grievance handling mechanism which includes meeting of the Shareholder's or Investor's Grievance Committee at frequent intervals, appropriate delegation of power by the board of directors of the Company as regards share transfer and have clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

- (xvii) The contact details of the Compliance Officer is hereunder:

Ms. Neha Chaudhary
 15, Ganesh Chandra Avenue
 2nd Floor,
 Kolkata - 700 013
 Ph. No.: 033-32573873
 Fax No.: 033-22118014
 Email: neha@arvindinternational.com
 Website: www.arvindinternational.com

SECTION – III. INTRODUCTION

1. **SUMMARY**A. **OFFERING DETAILS**

Issue of 84,12,540 Equity Shares of ₹ 10/- each for cash at a price of ₹ 13.50/- each including a premium of ₹ 3.50/- per Equity Share aggregating to an amount not more than ₹ 1135.69 Lacs to the Equity Shareholders on Rights Basis in the ratio of 6 Equity Shares for every 5 Equity Shares held on record date i.e. 2nd August, 2011. The Issue Price is 1.35 times of the face value of the Equity Share.

No. of Equity Shares to be issued	84,12,540
Issue Size	₹ 11,35,69,290/-
Entitlement Ratio	6:5
Record Date	2 nd August, 2011
Face Value	₹ 10/-
Offer Price	₹13.50/-
Equity Share outstanding prior to issue	70,10,450
Equity Share outstanding after the issue	1,54,22,990
Terms of the Issue	Please see the section entitle “Terms of the Issue” on Page 106 of this Letter of Offer
Security Codes :	
ISIN	INE512C01012
BSE	524760

B. SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary of financial information derived from the audited standalone financial statements as of and for the fiscal year ended March 31, 2010 and for the fiscal year ended March 31, 2011. The financial statements have been prepared in accordance with Indian GAAP and the SEBI (ICDR) Regulations are presented in the section titled “Financial Statements” beginning on page 69 of this Letter of Offer. The summary financial information presented below should be read in conjunction with the financial statements, and the notes thereto.

BALANCE SHEET AS ON 31ST MARCH, 2011

PARTICULARS	SCHEDULES	(₹ in Lacs)	
		31st March, 2011	31st March, 2010
<u>SOURCES OF FUNDS :</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	1	701.05	701.05
Reserves & Surplus	2	194.00	194.00
<u>LOAN FUNDS</u>			
Secured Loans	3	1,118.84	1,142.41
Unsecured Loans	4	331.93	85.08
Deferred Tax Liability (Net)		77.90	77.90
	T O T A L	2,423.72	2,200.44
<u>APPLICATIONS OF FUNDS :</u>			
<u>FIXED ASSETS</u>			
Gross Block	5	934.20	949.43
Less: Depreciation		406.38	367.12
Net Block		527.82	582.31
Capital works in progress		140.69	92.78
<u>INVESTMENTS</u>			
	6	48.64	48.64
<u>CURRENT ASSETS, LOANS AND ADVANCES</u>			
Inventories (At Cost)	7	5,956.67	686.11
Sundry Debtors	8	520.15	590.30
Cash & Bank Balances	9	66.12	79.57
Loans and Advances	10	618.26	535.19
		7,161.20	1891.17
<u>LESS: CURRENT LIABILITIES & PROVISIONS</u>			
Liabilities	11	5,686.44	742.78
Provisions		31.05	11.51
NET CURRENT ASSETS		1443.71	1136.88
<u>MISCELLANEOUS EXPENDITURE</u>			
(to the extent not written off or adjusted)	12	52.80	116.80
<u>PROFIT & LOSS ACCOUNT</u>			
(PROFIT) BROUGHT FORWARD		210.06	223.03
	T O T A L	2,423.72	2,200.44
<u>NOTES TO THE ACCOUNTS</u>			
BALANCE SHEET ABSTRACT AND BUSINESS PROFILE	17		
As per our report of even date	18		

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCHEDULES	(₹ in Laacs)	
		31st March, 2011	31st March, 2010
INCOME :			
Sales		11830.98	2304.38
Less : Excise Duty & Education Cess		91.93	95.19
Net Sales		11739.05	2209.19
Other Income	13	13.82	9.35
Increase / (Decrease) in stocks	14	5270.56	363.88
	TOTAL A	17023.43	2582.42
EXPENDITURE :			
Purchases (Net of Excise)		16487.82	2082.84
Manufacturing Expenses	15	38.98	45.92
Administrative, Selling & Other Expenses	16	179.76	211.54
Depreciation	5	50.69	51.04
Interest		170.72	122.16
	TOTAL B	16927.97	2513.50
PROFIT / (LOSS) BEFORE TAXATION	(A-B)	95.46	68.92
Provision for Income Tax (MAT)		18.50	-
Deferred Tax Liabilities		(0.01)	1.60
PROFIT / (LOSS) AFTER TAXATION		76.97	70.52
Amortisation of Bank Interest		(64.00)	(50.00)
Profit/ (Loss) Brought Forward from Previous Year		(223.04)	(243.56)
Balance Loss Carried Over to Balance Sheet		(210.07)	(223.04)
Earnings per Share of ₹10/- each (Basic)		1.10	1.01
Earnings per Share of ₹10/- each (Diluted)		1.10	1.01
NOTES TO THE ACCOUNTS	17		
BALANCE SHEET ABSTRACT AND BUSINESS PROFILE	18		
Schedules referred to above form parts of this Balance Sheet			
As per our report of even date			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	₹ in Lacs	
	<u>31st March,</u> <u>2011</u>	<u>31st March,</u> <u>2010</u>
A. <u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net profit before Tax and Extraordinary items	95.46	68.92
Adjustments for:-		
Depreciation	50.69	51.04
Dividend Received	(0.10)	(0.03)
Interest paid(net)	157.26	113.00
(Profit)/loss on sale of fixed Assets	(0.26)	3.84
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	303.05	236.77
ADJUSTMENTS FOR :		
Trade and Other Receivables (Increased)	70.15	(7.71)
Inventories (Increased)	(5270.56)	(363.88)
Loans & Advances Receivable (Increased)	(83.07)	106.03
Trade Payables Increased	5143.66	230.39
Provisions Increased	19.54	0.14
CASH GENERATED FROM OPERATIONS	182.77	201.74
Interest Paid (Net of Receipt)	(157.26)	(113.00)
IncomeTax paid	(18.50)	0.00
Cash Flow before Extra-Ordinary Items	7.01	88.74
NET CASH FLOW FROM OPERATING ACTIVITIES	7.01	88.74
B. <u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Sale of Investments	-	1.12
Additions to Fixed Assets (Net)	(50.98)	(58.47)
Sale of assets	7.14	2.80
Miscellaneous Income Received	0.00	0.00
Dividend/Other Income Received	0.09	0.03
NET CASH FLOW USED IN INVESTING ACTIVITIES	(43.75)	(54.52)
C. <u>CASH FLOW FROM FINANCING ACTIVITIES :</u>		
Proceeds from Borrowings	23.29	11.00
NET CASH USED IN FINANCING ACTIVITIES	23.29	11.00
D. <u>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(13.45)	45.22
Cash and Cash Equivalents (Opening Balance)	79.57	34.35
Exclusive of Accrued Interest on Bank Deposits		
Cash and Cash Equivalents (Closing Balance)	66.12	79.57
Exclusive of Accrued Interest on Bank Deposits		

2. GENERAL INFORMATION

Dear Shareholder(s),

Pursuant to the resolutions passed by the Board of Directors of the Company at its meeting held on November 09, 2010 and approved by the shareholders' resolution passed through Postal Ballot and results of which was declared in the EGM of members held on December 30, 2010, it has been decided to make the following offer to the Equity Shareholders of the Company:

ISSUE OF 84,12,540 EQUITY SHARES OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ 13.50/- EACH INCLUDING A PREMIUM OF ₹ 3.50/- PER EQUITY SHARE AGGREGATING TO AN AMOUNT OF ₹ 1135.69 LACS TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 6 EQUITY SHARES FOR EVERY 5 EQUITY SHARES HELD ON RECORD DATE I.E. 2ND AUGUST, 2011. THE ISSUE PRICE IS 1.35 TIMES OF THE FACE VALUE OF THE EQUITY SHARE.

Name of the Issuer Company	Arvind International Limited
Registered Office	15, Ganesh Chandra Avenue, 2 nd Floor, Kolkata - 700 013, West Bengal
Manufacturing Plant (Existing)	E 95-96 & G- 76-78, RIICO Industrial Area Bagru Extension, Bagru, Jaipur- 303007, Rajasthan
Corporate Office	131-134, Vrindavan Vihar D.C.M., Ajmer Road, Jaipur - 302 019, Rajasthan
Corporate Identification Number	L24111WB1991PLC051709
Company Registration Number	051709
Registrar of Companies	Registrar of Companies West Bengal Nizam Palace, 2nd MSO Building, 2nd Floor 234/4, A.J.C. Bose Road Kolkata – 700 020
Company Secretary & Compliance Officer	Ms. Neha Chaudhary 15, Ganesh Chandra Avenue, 2 nd Floor, Kolkata - 700 013, West Bengal Ph No.: 033-32573873 Fax No.: 033-22118014 Email: neha@arvindinternational.com

BOARD OF DIRECTORS



The Board of Directors of the Company comprises of:

Name of the Director	Designation	Status
Mr. Arvind Bajoria	Managing Director	Promoter & Executive
Mrs. Anupama Bajoria	Director	Promoter & Non Executive
Mr. Rajiv Chamaria	Director	Independent & Non Executive
Mr. Manish Lohia	Director	Independent & Non Executive
Mr. Manoj Kumar Agarwal	Director	Independent & Non Executive

Listing

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and Calcutta Stock Exchange Limited (CSE). The Equity Shares of the Company has been delisted from Ahmedabad Stock Exchange Limited (ASE) on 31st March 2011. The Equity Shares offered through this Letter of Offer are proposed to be listed on BSE. BSE is the Designated Stock Exchange. The Company has received in-principle approvals from BSE for the listing of the Equity Shares to be allotted pursuant to the Issue, vide letter number DCS/PREF/SI/IP-RT/1080/10-11 dated 24th February, 2011.

ISSUE MANAGEMENT TEAM

<p>LEAD MANAGER TO THE ISSUE:</p>  <p>SUMEDHA adding values to value</p> <p>Sumedha Fiscal Services Limited 8B Middleton Street, Geetanjali, Room No. 6A Kolkata – 700 071 Ph.: 033- 2229 8936/6758/3237 Fax.: 033-226 4140 / 2265 5830 E-mail: compliance@sumedhafiscal.com Web Site: www.sumedhafiscal.com Contact Person: Mr. Jayabrata Mukherjee SEBI Regn. No. INM000008753</p>	<p>REGISTRAR TO THE ISSUE:</p>  <p>Niche Technologies Pvt. Ltd. D-511, Bagree Market, 5th Floor 71, B.R.B. Basu Road, Kolkata – 700 001 Ph.: 033-22357270/7271; 2234 3576 Fax.: 033-22156823 E-mail: ail.rights@nichetechpl.com Web-site: www.nichetechpl.com Contact Person: Mr. S. Abbas/Mr. Aniruddha Dutta SEBI Regn. No. INR000003290</p>
<p>LEGAL ADVISOR TO THE ISSUE:</p> <p>L.P. Tiwari & Co., Advocates 1B, Old Post Office Street, 4th Floor, Kolkata -700001. Ph: 033- 22487250 Fax: 033- 22435583 E-mail: lpt.@sify.com Contact Person: Mr. M.S. Tiwari Web Site: Not Available.</p>	<p>AUDITORS:</p> <p>M/s N. C. Banerjee & Company Chartered Accountants Reg. No.: 302081E 2, Ganesh Chandra Avenue Commerce House 1st Floor, Room No.-9 Kolkata-700013 Ph: 033- 22132200/2214/2265 Fax: 033- 22132419 E-mail: ncban02@vsnl.net Contact Person: Mr. A. Paul (Partner)</p>
<p>BANKER TO THE ISSUE:</p> <p>HDFC Bank Limited Commercial Branch Bank House Financial Institution, Government Business Group 3A,Gurusaday Road Kolkata -700019 Ph: 033 3057 8217 Fax: 033 22836922 Email: zafar.ehsan@hdfcbank.com Contact Person: Mr. Zafar Ehsan</p>	<p>BANKERS TO THE COMPANY:</p> <p>State Bank of India Commercial Branch R.M. – VI, 3rd Floor 24, Park Street Kolkata – 700 016 Ph.: 033 2226 5762 Fax: 033 2229 3555 E-mail: sbi.04125@sbi.co.in Contact Person: Mr. Gautam Chakraborty</p> <p>Indusind Bank Jaipur Branch Sangam Complex, Ground Floor, Church Road, Jaipur-302001 Ph.: 011- 46032020 / 46032440 Fax: 011- 46032682 E-mail: Contact Person - Mr. Vineet Choudhary</p> <p>IDBI Bank Tonk Road Branch (MSME), Showroom 2 & 3 Sunny Paradise, Near Kamal & Co., Tonk Road, Jaipur-302015 Rajasthan Ph: 0141- 4133500 Fax: 0141- 2707568 E-mail: Contact Person: Mr. B.L.Gahlot</p>

Note: Investors are advised to contact the Registrar to the Issue/ Compliance Officer in case of any pre issue / post issue related problems such as non-receipt of letters of allotment/ credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.

Self Certified Syndicate Bankers

The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI website.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

STATEMENT OF INTERSE ALLOCATION OF RESPONSIBILITIES AMONGST LEAD MANAGER

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

CREDIT RATING

This is being an Issue of Equity Shares, no credit rating is required.

IPO GRADING

This being a Rights Issue of Equity Shares, IPO grading is not required.

TRUSTEES

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

PROJECT APPRAISAL/ APPRAISING AGENCY

As there is no project going on presently, therefore, no appraisal could be made.

MONITORING AGENCY

As this being an Issue of Equity Shares for less than ₹ 50,000 lacs appointment of monitoring agency in terms of sub-regulation (1) of Regulation 16 of the SEBI (ICDR) Regulations 2009 is not required. The Board will monitor the use of the proceeds of this Issue as per clause 49 of the Listing Agreement.

UNDERWRITING

The Present Rights Issue is not underwritten by any third party. However, the Promoters have confirmed vide their Letter of Intent dated 11th January, 2011 that they intend to subscribe to the full extent of their entitlement in the Issue. The 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 subject to the condition that in any circumstances the post issue public shareholding in the Company shall not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement.

IMPERSONATION

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of subsection (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 of a term which may extend to five years.”

MINIMUM SUBSCRIPTION

- a) If the Company does not receive the minimum subscription of 90% of the issued amount, the entire subscription shall be refunded to the applicants within 15 days from the date of closure of the Issue.
- b) 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. 15 days after closure if the Issue), the Company shall pay interest for the delayed period at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

DECLARATION BY THE BOARD ON CREATION OF SEPARATE ACCOUNT

The Board of Directors declares that funds received against this Issue will be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.

THE PRINCIPAL TERMS OF LOANS AND ASSETS CHARGED AS SECURITY

Name of Lender	Date of Sanction	Purpose	Renewed Sanction Limit (₹ In Lacs)	Rate of Interest	Securities Offered
State Bank Of India	12.11.2010	Cash Credit	650.00	At 5.00% above base rate, effective rate being 12.60% p.a., with monthly rates.	1. Primary Security: a) Equitable Mortgage of Factory Land & Building & hypothecation of entire fixed assets, including Plant & Machinery and other Fixed Assets, both present and future
		Funded Interest Term Loan*	68.00	0% for 3 years i.e. up to Feb 2010 and thereafter at SBAR which is presently 11.75%	b) Hypothecation of the entire Current Assets of the Company including raw material, stock in process, finished goods, book debts, receivables and current assets, both presents and future.
		Working Capital Term Loan – I**	134.00	1.5% below SBAR for 5 years, 1.25% above SBAR thereafter	2. Collateral Security: a) Pledge of shares by the Directors. b) Lien on STDR of ₹ 40 Lacs.
		Working Capital Term Loan – II***	273.00	1.5% below SBAR for 5 years, 1.25% above SBAR thereafter	3. Personal Guarantee of Promoter Directors: • Mr. Ramesh Chandra Bajoria • Mr. Dinesh Chandra Bajoria • Mr. Arvind Bajoria • Mrs. Anupama Bajoria. 4. Corporate Guarantee of M/s. Arvind Chemicals Limited

* FITL outstanding, out of the original sanctioned limit dated 23.02.2007 amounting to ₹ 222.30 Lacs.

** WCTL-I outstanding, out of the original sanctioned limit dated 23.02.2007 amounting to ₹ 212.50 Lacs.

*** WCTL-II outstanding, out of the original sanctioned limit dated 23.02.2007 amounting to ₹ 432.17 Lacs.

Repayment Schedule

Cash Credit - The limits are sanctioned for one year from the date of sanction. The Bank, however, reserves the rights to cancel or modify the arrangements at any time at its discretion.

Funded Interest Term Loan - FITL of ₹ 222.30 Lacs to be repaid in 4 ½ years including 6 months moratorium period in (i) 9 equal monthly instalments of ₹ 2.50 Lacs each commencing from July 2007 (ii) next 12 equal monthly instalments of ₹ 3.00 Lacs each commencing from April 2008 (iii) next 12 equal monthly instalments of ₹ 5.00 Lacs each from April 2009 (iv) next 12 equal monthly instalments of ₹ 6.00 Lacs each commencing from April 2010 and (v) last 3 equal instalment of ₹ 10.60 Lacs each commencing from April 2011.

Working Capital Term Loan I - WCTL – I of ₹ 212.50 Lacs to be repaid in 7 years (i.e. by 31.12.2013) from the cut-off date i.e. 31.12.2006 including 6 months moratorium period, in (i) initial 45 equal monthly instalment of ₹ 2.00 Lacs each commencing from July 2007 (ii) next 24 equal monthly instalment of ₹ 3.00 Lacs payable from April, 2011 and (iii) next 9 equal monthly instalment of ₹ 5.61 Lacs each payable from April 2013.

Working Capital Term Loan II - WCTL – II of ₹ 432.17 Lacs to be repaid in 7 years (i.e. by 31.12.2013) from the cut-off-date i.e. 31.12.2006 including 6 months moratorium period in (i) 9 equal monthly instalments of ₹ 2.00 Lacs each payable from July 2007 (ii) next 12 equal monthly instalment of ₹ 3.50 Lacs each commencing from April 2008 (iii) Next 24 equal monthly instalment of ₹ 5.50 Lacs each commencing from April 2009 (iv) next 24 equal monthly instalment of ₹ 7.00 Lacs each payable from April 2011 (v) next 8 equal instalment of ₹ 8.00 lacs each commencing from April 2013 and (vi) last instalment of ₹ 8.17 Lacs is to be paid within December 2013.

Negative Covenants in the credit terms of the Bankers:

- 1) During the currency of the credit facilities, the Company shall not, without the prior approval of the Bank in writing:-
 - a) Effect any change in the Company's capital structure; In all cases of term loans, where a condition prohibiting disinvestments by promoters of their quota in the equity of the Company, without the prior approval of the Bank, all the promoters of the Company should furnish an undertaking on the lines specified for this purpose. On the basis of the letter of undertaking, promoters should also furnish each year in the first week of April, the latter's confirmation together with the Auditor's Certificate as on 31st March every year for the Bank;
 - b) Formulate any scheme of amalgamation or reconstruction;
 - c) Undertake any new project, implement any schemes of expansion or acquire fixed assets except those indicated in the funds flow statement submitted to the bank from time to time and approved by the bank.
 - d) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies); normal trade credit of security deposits in the normal course of business or advance to employees can, however be extended;
 - e) Enter into borrowing arrangement either secured or unsecured with any other Bank, financial institution, Company or otherwise or accept deposit apart from the arrangement indicated in the funds flow statement submitted to the Bank from time to time and approved by the Bank.
 - f) Undertake guarantee obligation on behalf of any other Company (including group companies);
 - g) Declare dividends for any year out of profits relating to that year or of the previous year. It is however, necessary for the Company to ensure first that provisions are made and that no repayment obligations remain unmet at the time of making the request for Bank's approval for the declaration of dividend;
 - h) Create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons;
 - i) Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the bank;
 - j) Enter into any contractual obligation of a long term nature or affecting the company financially to a significant extent;
 - k) Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc;
 - l) Undertake any trading activity other than the sale of products arising out of its own manufacturing operations;
 - m) Permit any transfer of the controlling interest or make any drastic change in the management set-up; and
 - n) Repay monies brought in by the promoters/directors/principle shareholders and their friends and relatives by way of deposits/loan/advances. Further, the rate of interest, if any, payable on such deposits/loan/advances should be lower than the rate of interest charged by the Bank on its term loan and payment of such interest will be subject to regular repayment of instalments under term loan granted/deferred payment guarantees executed by the Bank or other repayment obligations, if any due from the company to the bank.

All unsecured loans/deposits raised by the Company for financing a project are always subordinate to the loans of the banks/FIs and should be permitted to be repaid only with the prior approval of all the banks and the FIs concerned.

Optional Covenants in the credit terms of the Bankers:

- 2) The Bank will have the option of appointing its nominee on the Board of Directors of the Company to look after its interest. The Bank will have the right to appoint a nominee to attend any meeting of shareholders, where the right is exercised, the agenda papers and proceedings should be sent to the bank sufficiently in advance.
- 3) The Bank will have the right to convert the debt into equity, at a time felt appropriate by the Bank, at a mutually acceptable formula.

Note:

State Bank of India vide their Letter no. Rm-VI/337 dated 06.05.2011 has approved the Issuer Company to repay its unsecured loans amounting to ₹ 200 Lacs.

Details of Auto Loan are as follows:

Sl. No.	Type of Loan	Date of Sanction	Name of the Bank	Amount (₹)	Remarks
1.	Auto Loan (Loan A/c No.13885903)	07.10.08	HDFC Bank Ltd	500000	Repayable in 36 monthly equal Installments: @ ₹ 16725/- starting from 07.10.08
2	Auto Loan (Loan A/c No. CF-5424964)	31.08.09	Kotak Mahindra Prime Ltd.	576000	Repayable in 36 monthly equal Installments: @ ₹ 27360/- starting from 10.10.09, than ₹ 19584/- from 01.11.10, and ₹ 14256/- from 01.11.11
3	Auto Loan (Loan A/c No. CF5425015)	31.08.09	Kotak Mahindra Prime Ltd.	396000	Repayable in 36 monthly equal Installments: @ ₹ 18810/- starting from 10.10.09 than ₹ 13523/- from 01.11.10 and ₹ 9761/- from 01.11.11
4	Auto Loan (Loan A/c No. CF-5424983)	31.08.09	Kotak Mahindra Prime Ltd.	280000	Repayable in 36 monthly equal Installments: @ ₹ 13300/- starting from 10.10.09 than ₹ 9562/- from 01.11.10 and ₹ 6902/- from 01.11.11
5	Auto Loan (Loan A/c No. CF-5424853)	31.08.09	Kotak Mahindra Prime Ltd.	324000	Repayable in 36 monthly equal Installments: @ ₹ 15390/- starting from 10.10.09 than ₹ 11065/- from 01.11.10 and ₹ 7987/- from 01.11.11
6	Auto Loan (Loan A/c No. CF-5424815)	31.08.09	Kotak Mahindra Prime Ltd.	279000	Repayable in 36 monthly equal Installments: @ ₹ 13253/- starting from 10.10.09 than ₹ 9528/- from 01.11.10 and ₹ 6877/- from 01.11.11
7	Auto Loan (Loan A/c No. CF-5425087)	31.08.09	Kotak Mahindra Prime Ltd.	385000	Repayable in 36 monthly equal Installments: @ ₹ 18288/- starting from 10.10.09 than ₹ 13148/- from 01.11.10 and ₹ 9490/- from 01.11.11
8	Auto Loan (Loan A/c No. CF-5424887)	31.08.09	Kotak Mahindra Prime Ltd.	521000	Repayable in 36 monthly equal Installments: @ ₹ 24748/- starting from 10.10.09 than ₹

Arvind International Limited

Sl. No.	Type of Loan	Date of Sanction	Name of the Bank	Amount (₹)	Remarks
					17792/- from 01.11.10 and ₹ 12843/- from 01.11.11
9	Auto Loan (Loan A/c No. CF-5424926)	31.08.09	Kotak Mahindra Prime Ltd.	147000	Repayable in 36 monthly equal Installments: @ ₹ 7100/- starting from 10.10.09 than ₹ 5130/- from 01.11.10 and ₹ 3822/- from 01.11.11
10	Auto Loan (Loan A/c No. CF-5425049)	31.08.09	Kotak Mahindra Prime Ltd.	147000	Repayable in 36 monthly equal Installments: @ ₹ 7100/- starting from 10.10.09 than ₹ 5130/- from 01.11.10 and ₹ 3822/- from 01.11.11

Note: The vehicles have been hypothecated to the respective Lenders.

3. CAPITAL STRUCTURE

The Share Capital structure of the Company and the related information is as under:

Particulars	Nominal Value	(₹ in Lacs)
		Aggregate Value at Issue Price
A. AUTHORISED: 2,00,00,000 Equity Shares of ₹10/- each	2000.00	
B. ISSUED, SUBSCRIBED & PAID UP CAPITAL: 70,10,450 Equity Shares of ₹10/- each	701.04	
C. PRESENT ISSUE: Issue of 84,12,540 Equity Shares of ₹ 10/- each for cash at a price of ₹ 13.50/- each including a premium of ₹ 3.50/- per Equity Share aggregating to an amount of ₹ 1135.69 Lacs to the Equity Shareholders on Rights Basis in the ratio of 6 Equity Shares for every 5 Equity Shares held on record date i.e. 2 nd August, 2011.	841.25	1135.69
D. PAID UP SHARE CAPITAL AFTER THE ISSUE: 1,54,22,990 Equity Shares of ₹10/- each	1542.30	
E. SHARE PREMIUM ACCOUNT		
Before the Issue	--	194.00
After the Issue	--	488.44

The share capital statement is prepared on the assumption that the Proposed Rights Issue of 84,12,540 Equity Shares @ ₹ 13.50/- will be fully subscribed.

The Company does not have any outstanding warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further Equity Shares of the Company.

Notes to the Share Capital Structure

1. Changes in the Authorised Share Capital of the Company since incorporation:

Sl. No.	Particulars of Increase	Date of Resolution
1.	At incorporation ₹ 50 Lacs divided into 5 Lacs Equity Shares of ₹ 10/- each	-
2.	Increase from ₹ 50 Lacs divided into 5 Lacs Equity Shares to ₹ 350 Lacs divided into 35 Lacs Equity Shares of ₹ 10/- each	25.07.1994
3.	Increase from ₹ 350 Lacs divided into 35 Lacs Equity Shares to ₹ 500 Lacs divided into 50 Lacs Equity Shares of ₹ 10/- each	09.09.1994
4.	Increase from ₹ 500 Lacs divided into 50 Lacs Equity Shares to ₹ 1250 Lacs divided into 125 Lacs Equity Shares of ₹ 10/- each	28.02.2005
5.	Increase from ₹ 1250 Lacs divided into 125 Lacs Equity Shares to ₹ 2000 Lacs divided into 200 Lacs Equity Shares of ₹ 10/- each	30.12.2010

2. The present capital structure of the Company has been built-up as under:

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration	Reasons for Allotment	No. of Equity Shares Cumulative	% of total no. of Equity Shares Cumulative	Cumulative paid up Share Capital
10.05.1991	200	10	10	Cash	Subscription to Memorandum	200	0.00	2000
31.03.1992	230400	10	10	Cash	Private Placement	230600	3.29	2306000
30.03.1993	54750	10	10	Cash	Private Placement	285350	4.07	2853500
23.06.1993	200000	10	10	Cash	Private Placement	485350	6.92	4853500
14.01.1995	3200100	10	14	Cash	Public Issue	3685450	52.57	36854500
07.02.2005	1125000	10	N.A.	Amalgamation	Amalgamation*	4810450	68.62	48104500
24.03.2008	2200000	10	13	Cash	Preferential Allotment**	7010450	100.00	70104500

Notes:

* The scheme of Amalgamation of Aparna Polyproduct Limited with the Issuer Company has been approved by the Hon'ble. High Court of Calcutta vide its order dated 18.01.2005. Whereby the shareholders of the transferor company i.e. Aparna Poly Products Ltd. are allotted 9 (nine) equity shares of ₹ 10/- each in the transferee company i.e. Arvind International Limited for every 10 (ten) equity shares of ₹ 10/- each held by such equity shareholders in the transferor company

** The details of Allotees of the Preferential Allotment have been mentioned as follows:

Sl. No.	Name	Date	No. of Shares
1.	Anupama Bajoria	24.03.08	300000
2.	Hema Agarwal	24.03.08	350000
3.	Kishan Daruka	24.03.08	100000
4.	Nirmal Kumar Agarwal	24.03.08	350000
5.	Ranju Maheshwari	24.03.08	100000
6.	Sanjay Budhia	24.03.08	500000

7.	Shashi Agarwal	24.03.08	100000
8.	Shyam Sundar Newar	24.03.08	100000
9.	Sumit Goyal	24.03.08	100000
10.	Sunil Kumar Poddar	24.03.08	100000
11.	Sunita Daruka	24.03.08	100000
	Total		2200000

Further, the said allotment does not trigger the SEBI (SAST) Regulations, 1997. However, the company has made adequate disclosures under Regulation 7 of the SEBI (SAST) Regulations, 1997 and Regulation 13 of the Prohibition of (Insider Trading) Regulations, 1992.

3. The details of shareholding of the promoters and promoter group including details of lock-in, pledge of and encumbrance on such shares as on 31st March, 2011 are as follows:

Sl. No.	Particulars	No. of Shares	As a % of total no. of Shares	No. of Shares locked in	As a % of total no. of Shares held	As a % of total no. of Shares	Shares pledged or otherwise encumbered	As a % of total no. of Shares held	As a % of total no. of Shares
a.	Promoters								
I.	Indian								
1.	Mr. Arvind Bajoria	6,15,934	8.79	1,39,124	37.01	1.98	2,36,320	38.37	3.37
2.	Mrs. Anupama Bajoria	5,62,540	8.02	3,12,540	55.56	4.46	5,50,000	97.77	7.85
	Total (a)	11,78,474	16.81	4,51,664	48.13	6.44	7,86,320	66.72	11.22
b.	Promoter Group								
I.	Indian								
3.	M/s Aparna Polyflex Pvt. Ltd.	21,100	0.30	Nil	Nil	Nil	Nil	Nil	Nil
4.	M/s Arvind Chemicals Ltd.	38,750	0.55	Nil	Nil	Nil	Nil	Nil	Nil
5.	M/s Arvind Coirfoam Pvt. Ltd.	13,400	0.19	Nil	Nil	Nil	Nil	Nil	Nil
6.	M/s Ruchika Tradelink Pvt. Ltd.	17,500	0.25	Nil	Nil	Nil	Nil	Nil	Nil
7.	M/s Sakal Holding Pvt. Ltd.	1,700	0.02	Nil	Nil	Nil	Nil	Nil	Nil
8.	Mr. Dinesh Chandra Bajoria	62,850	0.90	Nil	Nil	Nil	25,000	39.78	0.36
9.	Mrs. Kanta Bajoria	33,500	0.48	Nil	Nil	Nil	30,000	89.55	0.43
10.	Mr. Ramesh Chandra Bajoria	3,74,042	5.34	Nil	Nil	Nil	20,000	5.35	0.29
11.	Ms. Rashmi Bajoria	25,500	0.36	Nil	Nil	Nil	Nil	Nil	Nil
12.	Ms. Ruchika Bajoria	28,000	0.40	Nil	Nil	Nil	Nil	Nil	Nil
13.	Ms. Sharda Bajoria	94,600	1.35	Nil	Nil	Nil	90,000	95.14	1.28
14.	Ms. Shweta Bajoria	15,800	0.23	Nil	Nil	Nil	Nil	Nil	Nil
15.	Ms. Shweta Jain	1,02,900	1.47						
16.	Ms. Smriti Bajoria	43,300	0.62	Nil	Nil	Nil	Nil	Nil	Nil
	Total (b)	8,72,942	12.45	Nil	Nil	Nil	1,65,000	18.90	2.36

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Total Promoters and Promoter Group holding (a) + (b)	20,51,426	29.26	4,51,664	22.02	6.44	9,51,320	46.37	13.58
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Note: Mr. Arvind Bajoria and Mr. Ramesh Chandra Bajoria in their personal capacity had taken loans from Mr. Krishna Kumar Kejriwal, Mrs. Lata Kejriwal and Mr. Vivek Kejriwal, against pledge of 5,90,000 equity shares aggregating to 8.42% of the total paid-up equity share capital of the Company. The said equity shares by mistake have been transferred in their respective names on 3rd September, 2010. The same was subsequently rectified and retransferred in the name of the original promoters by 13th January, 2011.

Kejriwals was shown as the part of promoter group in the shareholding pattern for the December 2010 quarter, for maintaining the percentage of shares pledged by the promoter group in the Shareholding Pattern of the Company and total shares held by the Promoter/Promoter Group. After the said retransfer the name of the Kejriwals has been removed from the shareholding pattern of the March 2011 quarter.

4. Details of Shares purchased and sold by the Promoters/ Promoter Group in the last one year immediately prior to the date of filing of the Letter of Offer

Date	Purchase			Sale		
	Name of the Purchaser	No. of Shares	Rate per Share	Name of the Seller	No. of Shares	Rate per Share
08/11/2010	-	-	-	Arvind Chemicals Ltd.	5885	37.90
03/11/2010	-	-	-	Arvind Chemicals Ltd.	40000	32.80
28/10/2010	-	-	-	Arvind Chemicals Ltd.	300000	31.30
26/10/2010	-	-	-	Arvind Chemicals Ltd.	30000	28.65
25/10/2010	-	-	-	Sakal Holdings Pvt. Ltd	215000	27.22
05/03/2010	Mrs. Anupama Bajoria	6000	7.02	-	-	-
05/03/2010	Mr. Arvind Bajoria	8000	7.02	-	-	-
04/03/2010	Mr. Arvind Bajoria	100	7.05	-	-	-
04/02/2010	Mr. Arvind Bajoria	5000	8.97	-	-	-
03/02/2010	Mr. Arvind Bajoria	5000	9.42	-	-	-

5. The Promoters/ Promoter Group have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue subject to compliance with the Takeover Code, the Promoters and Promoter Group Companies reserve their right to subscribe for Equity Shares in this Issue either by themselves or their relatives or combination of entities controlled by them, including by subscribing for renunciation, if any, made within the Promoter Group to another person/ entity forming part of the Promoter Group or any other Equity Shareholder. The Promoters/ Promoter Group have provided an undertaking dated 11th January, 2011 to apply for additional Rights Equity Shares in the Issue up to the minimum subscription of 90% of the Issue subject to the condition that in any circumstances the post issue public shareholding in the Company shall not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement. As a result of this subscription and consequent allotment, the Promoter and Promoter Group may acquire shares over and above their entitlement in the Issue, which may result in an increase of their shareholding being above the current shareholding but will not exceed 75% of the post issue paid up share capital of the Company. This subscription and acquisition of additional Equity Shares by the Promoter and Promoter Group through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of provision under Regulation 3(1)(b)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. Other than meeting the requirements indicated in this section “Objects 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 Promoter and Promoter Group, in this Issue, the Promoter’s and Promoter Group’s shareholding in the Company exceeds their current shareholding. The Promoter Group shall subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoter Group 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 relating to continuous listing requirements.
6. The Company has duly complied with the following during the last financial year:
 - i) Provisions of the Listing Agreement with respect to reporting and compliance under Clauses 35, 40A, 41 and 49.
 - ii) Provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, with respect to reporting in terms of Regulation 8(3) pertaining to disclosure of changes in shareholding and Regulation 8A pertaining to disclosure of pledge shares.
 - iii) Provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, with respect to reporting in terms of Regulation 13.
 - iv) Provisions of the Listing Agreement with respect to reporting and compliance.
 - v) Provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
 - vi) Provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992.
7. The Company has not availed bridge loans, which need to be repaid from the proceeds of the Issue, for incurring expenditure on the “Objects of the Issue”.
8. The present issue being a rights issue, as per Regulation 34(c) of the SEBI Regulations, the requirement of promoters contribution and lock-in are not applicable.
9. The Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further Equity Shares of the Company. The Company does not have any outstanding instruments as on the date of filing of the Letter of Offer.
10. Equity Shares of the Company are being traded in compulsory dematerialized mode. The market lot of the Equity Shares is 1 (One).

11. As on the date of filing the Letter of Offer there are no partly paid up shares in the Company. The entire issue price is to be paid on application hence there will be no partly paid up shares arising out of this issue.
12. The Equity Shares of the Company are of face value of ₹ 10/- and marketable lot is 1 (one). At any given time there shall be only one denomination for the shares of the Company and the disclosures and accounting norms specified by SEBI from time to time will be complied with.
13. The Company has not instituted any ESOP/ ESOS as on the date of this Letter of Offer.
14. No further issue of capital by way of issue of Bonus Shares, Preferential Allotment, Rights Issue or Public Issue or in any other manner which will affect the Equity Capital of the Company, shall be made during the period commencing from the filing of Letter of Offer with the SEBI and the date on which the Equity Shares issued under this Letter of Offer are listed or application money are refunded on account of the failure of the Issue.
15. The Issue will remain open for a minimum of 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

16. Shareholding Pattern of the Company as on 31st March, 2011.

Category of Shareholder	No. of Share holders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledge or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	11	19,58,966	18,52,566	27.94	27.94	951,320	48.56
Bodies Corporate	5	92,450	40,450	1.32	1.32	-	-
Sub Total	16	20,51,416	18,93,016	29.26	29.26	951,320	46.37
(2) Foreign							
Individuals (Non-Residents / Foreign Individuals)	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A)	16	20,51,416	18,93,016	29.26	29.26	951,320	46.37
(B) Public Shareholding							
(1) Institutions	-	-	-	-	-	-	-
(2) Non-Institutions							
Bodies Corporate	161	9,54,446	9,41,746	13.61	13.61	-	-
Individuals							
Individual shareholders holding nominal share capital up to ₹ 1 Lac	5,856	26,89,991	22,72,563	38.37	38.37	-	-
Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	40	8,40,089	8,40,089	11.98	11.98	-	-
Any Other	103	4,74,508	4,44,708	6.77	6.77	-	-

Category of Shareholder	No. of Share holders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledge or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of total No. of Shares
(Specify)							
Non Resident Indians/ OBC	36	52,569	22,769	0.75	0.75	-	-
Clearing Members	67	4,21,939	4,21,939	6.02	6.02	-	-
Sub Total	6,160	49,59,034	44,99,106	70.74	70.74	-	-
Total Public Shareholding (B)	6,160	49,59,034	44,99,106	70.74	70.74	-	-
Total (A)+(B)	6,176	7,010,450	63,92,122	100.00	100.00	951,320	13.58
(C) Shares held by Custodians and against with Depository Receipts have been issued	-	-	-	-	-	-	-
Total (A)+(B)+(C)	6,176	7,010,450	63,92,122	100.00	100.00	951,320	13.58

Note: The promoters in their personal capacity had taken loans from Mr. Krishna Kumar Kejriwal, Mrs. Lata Kejriwal and Mr. Vivek Kejriwal, against pledge of 5,90,000 equity shares. The said equity shares by mistake were transferred in their respective names on 03.09.2010. The same was subsequently rectified and retransferred in the name of the original promoters by 13.01.2011.

17. Details of shareholders holding more than one per cent of the share capital of the Company as on 31st March, 2011 is as follows:

Sl. No.	Name of the Shareholder	No. of Shares	Shares as a % of total No. of Shares
1	Angel Brokers Ltd	96,755	1.38
2	Arihant Capital Mkt. Ltd.	84,729	1.21
3	BP Equities Pvt. Ltd.	1,05,000	1.50
4	Hem Securities Ltd.	96,359	1.37
5	Nalimbhai Amratlal Patel	74,129	1.06
	Total	4,56,972	6.52

SECTION – IV. PARTICULARS OF THE ISSUE

1. OBJECTS OF THE ISSUE

The Rights Issue is being made to raise funds for the following purposes:

1. To augment working capital requirements amounting to ₹ 307.12 Lacs.
2. To Repay/Pre-pay Certain Sundry Creditors & Secured / Unsecured Loans totaling ₹ 807.18 Lacs out of which an unsecured loan of ₹ 170.00 Lacs of the promoters will be repaid.
3. Expenses towards Rights Issue to an extent of ₹ 34.50 Lacs.

The Object Clause of the Memorandum of Association of the Company, enable it to undertake the existing activity and the activities for which the funds are being raised by the Company through the present Rights Issue.

2. REQUIREMENT OF FUNDS

The summary of the requirement of funds for the Objects of the Issue is as follows:

Sl. No.	Particulars	Amount (₹ in Lacs)
1	Augmenting Working Capital Requirement	307.12
2	To Repay/Pre-pay Certain Sundry Creditors & Secured / Unsecured Loans totaling ₹ 807.18 Lacs out of which an unsecured loan of ₹ 170.00 Lacs of the promoters will be repaid.	807.18
3	Issue Expenses	34.50
	Total	1148.80

No part of the Rights Issue proceeds will be paid by the Company, as consideration to Promoters, Directors, Company's Key Managerial Personnel or to Associate or Group Companies promoted by the Promoter except in the normal course of business.

3. MEANS OF FINANCE:

The aforesaid requirement of funds is proposed to be entirely financed by the Net Proceeds of the Issue. Thus, provisions of the SEBI Regulations in connection with firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue, does not apply to the Company.

Particulars	Amount (₹ in Lacs)
Proceeds of the Rights Issue of 84,12,540 Equity Shares of ₹ 10/- each for cash at a price of ₹ 13.50/- each including a premium of ₹ 3.50/- per Equity Share.	1135.69
Internal Accruals	13.11
Total	1148.80

In case of a shortfall in the Net Proceeds, the Company may explore options such as utilizing the internal accruals or external borrowing as approved by the Board, and / or seeking additional debt from Banks/ Financial Institutions/ other sources, etc.

4. PROPOSED DEPLOYMENT OF FUNDS:

The following table summarises intended use and deployment of funds:

Sl. No.	Activities	Total estimated amount	(₹ in Lacs)	
			Already deployed upto 31.05.2011	Balance to be deployed*
1.	Augmenting working capital	307.12	0.00	307.12
2.	Repayment of Certain Sundry Creditors & Secured / Unsecured Loans	807.18	109.97	697.21
3.	Issue Expenses	34.50	6.25	28.25
	Total	1148.80	116.22	1032.58

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* Balance amount to be deployed in the year 2011.

The fund requirement set out in the table above is based on the current business plan of the Company. In view of the dynamic and competitive environment of the industry in which the Company operate, needs to revise the business plan from time to time and consequently the fund requirements may also change. The Company may have to revise the estimated costs, funding allocation and fund requirements owing to factors such as economic and business conditions, increased competition, and other external factors which may not be within the control of the management and may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of the management.

It is confirmed that the entire objects of the issue could be met through the issue proceeds alone. In case of any increase in the actual utilisation of funds earmarked for the above objects, such additional funds for a particular activity will be met by way of such means available to the Company, including from internal accruals. If the actual utilisation towards any of the aforesaid objects is lower than what is stated above, such balance will be used for future growth opportunities, including funding existing objects, if required, general corporate purposes and/or any other project, activity or initiative the Company may undertake.

Details of the Objects:

1. Additional Working Capital Requirement

The additional working capital requirement has been calculated on the basis of the working capital requirement for FY 2011-12 considering growth in activities of the Company, need for holding levels for critical raw materials like Toluene Diisocyanate & Polyol, Chemicals, Rebonded & Other Foam, Bare Sheets and Packing Material, increased processing time required in processing raw materials into finished products and high debtors level to keep the channel partners financed for efficient distribution of the Branded Mattress and Other Foam products.

Raw Material (RM), Finished Goods (FG) and other material have been taken at various levels, which is in consonance with the industry practices and past trends.

(₹ in Lacs)

	Particulars	Financial Year 2009-10		Financial Year 2011-12	
		Holding Level (Months)	Amount	Holding Level (Months)	Amount
		Audited		Estimated	
A.	Current Assets				
1.	Raw Material (incl. Stores & other items used in the process of manufacturing)	3.28	494.90	3.28	725.05
2.	Other Consumable Spares (excluding those included in 1 above)	0.00	0.00	0.00	0.00
3.	Stock-in- process	0.92	144.28	1.05	246.21
4.	Finished Goods	0.30	46.93	0.29	68.66
5.	Receivables other than export & deferred receivables (incl. bills purchased & discounted by bankers)	2.20	422.37	2.20	622.25
6.	Export Receivables (incl. bills purchased and discounted)	0.00	0.00	0.00	0.00
7.	Advances to suppliers of raw materials & stores/ spares, consumables		25.62		25.62
8.	Other current assets incl. Cash & Bank Balances & deferred receivables due within one year		582.64		530.07
	Total Current Assets (A)		1716.74		2217.86
B.	Current Liabilities (other than bank borrowings for working capital)				

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	Particulars	Financial Year 2009-10		Financial Year 2011-12	
		Holding Level (Months)	Amount	Holding Level (Months)	Amount
		Audited		Estimated	
1.	Creditors for purchase of raw materials, stores, consumable spares & for trading	3.11	398.17	2.44	522.06
2.	Advances from Customers		38.26		38.26
3.	Statutory Liabilities		25.72		25.72
4.	Other Current Liabilities		528.11		477.22
	Total Current Liabilities (B)		990.26		1063.26
	Net Working Capital (A-B)		726.48		1154.60
	Assessed Working Capital Borrowings		529.00		650.00
	Margin		197.48		504.6
	Incremental Margin				307.12
	Incremental working capital requirement				307.12

Overall incremental working capital requirement for the financial year ending 2012 will be ₹ 307.12 Lacs which is proposed to be funded through the Net Proceeds of this Issue.

Presently, the Company has been sanctioned fund based working capital limits of ₹ 650.00 Lacs as detailed in page no. 31.

The Company expects a growth of 25% to 30% in output because of increase in working capital.

Basis of Estimation of incremental working capital requirement, along with relevant assumptions.

Working Capital requirements are based on historical Company data and estimation of the future requirements in FY 2011-12 considering the norms accepted by the bankers during the last enhancement and based on the higher level of operations the estimated level of holdings in the current year.

The holding levels considered for various components of current assets were as follows:- (i) Raw Materials 3.28 months; (ii) Work in Process 0.92 months; (iii) Finished Goods 0.30 months; (iv) Debtors 2.20 months based on audited financial results of March, 2010. As the Company is having high level of operations, there is a need to increase the level of holding for optimum production and accordingly the Company has considered the following levels of stock holding in the projections - Raw Materials 3.28 months, Work in Process 1.05 months, Finished Goods 0.29 months and Debtors 2.20 months.

Justification for holding period levels:

Inventory	Inventory holding levels of raw materials, stock-in-progress, finished goods etc. are expected to be more or less in line with March 2010 levels keeping in view the nature of the industry in which the Company operates.
Receivables	Receivables are expected to be in line with the March 2010 level keeping in view the nature of the industry in which the Company operates.
Creditors	Level of creditors is expected to come down in future as the Company would have adequate working capital post this issue.

Capacity Utilisation vis-à-vis business growth:

The capacity utilisation of the Company for the last three FY 2008, 2009, 2010 and 2011 and management estimated for 2012 are as under:-

Year	Unit Measurement of	Description of Product	Installed Capacity	Production	Capacity Utilisation (in %)
2007-08	M.T.	P.U. Foam	4200	873.20	20.79
		Rebonded Foam	-	-	-

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2008-09	M.T.	P.U. Foam	4200	793.91	18.90
		Rebonded Foam	600	84.79	14.13
2009-10	M.T.	P.U. Foam	4200	388.90	9.26
		Rebonded Foam	600	105.01	17.50
2010-11	M.T.	P.U. Foam	4200	900	21.43
		Rebonded Foam	600	300	50.00
2011-12	M.T.	P.U. Foam	4200	1200	28.57
		Rebonded Foam	600	350	58.33

The current trend of growth in sales of the Company had been:

Financial Year	Sales Growth (%)
2007-08	72.30
2008-09	2.49
2009-10	(11.30)
2010-11	3.06

All the projections are based on management estimates and have not been so far appraised by any bank or financial institution.

The Company proposes to meet the incremental margin money requirement to the extent of ₹ 307.12 Lacs from the Net Proceeds of the Issue.

Future Capacity Utilisation:

Year	Unit of Measurement	Description of Product	Installed Capacity	Expected Production	Expected Capacity Utilisation (In %)
2011-12	M.T	P.U. Foam	4200	1200	28.57
		Rebonded Foam	600	350	58.33
2012-13	M.T	P.U. Foam	4200	1500	35.71
		Rebonded Foam	600	400	66.67

2. Repayment/ Pre-payment of Sundry Creditors, Secured and Unsecured Loans

(a) Sundry Creditors

In lieu of winding up petition filed by Manali Petrochemicals Limited (Sundry Creditors), the Hon'ble High Court of Kolkata has passed the order to make payment amounting to ₹ 117.97 Lacs on installment basis over a period of three years on monthly basis commencing from 30.09.2010. The Company has based on stated direction has already repaid ₹ 33.28 Lacs as on 31.05.2011. The Company intends to utilize ₹ 117.97 Lacs towards payment to Manali Petrochemicals Limited out of the Net Proceeds of the Rights Issue, for the said purpose.

(b) Secured Loan

The Company has availed Working Capital Term Loan (WCTL) - I & II and Funded Interest Term Loan (FITL) from State Bank of India. As on March 31, 2010, these loan facilities aggregated to ₹ 589.82 Lacs and the amount outstanding as on May 31, 2011, under these facilities was ₹ 412.52 Lacs. The Company intends to utilize ₹ 489.21 Lacs out of the Net Proceeds of the Rights Issue, for the said purpose to improve the debt equity ratio. The detail of the WCTL – I & II and FITL from State Bank of India is detailed in the table below.

The Company has entered into various financing arrangements with State Bank of India. Set out is a brief summary of the loans availed by the Company:

Particulars	WCTL - I from State Bank of India	WCTL - II from State Bank of India	FITL from State Bank of India
Nature of Loan	Working Capital Term Loan	Working Capital Term Loan	Funded Interest Term Loan
Object of the Loan	To finance the working capital gap		
Nature of Interest Charge	Monthly	Monthly	Monthly
Date of Sanction (as revised)	12.11.2010	12.11.2010	12.11.2010
Sanction Limit (₹ in Lacs) (as revised)	134.00	273.00	68.00
Outstanding as on September 30, 2010 (₹ in Lacs)	110.62	303.29	75.30
Rate of interest on the Loan	1.5% below SBAR for 5 years, 1.25% above SBAR thereafter	1.5% below SBAR for 5 years, 1.25% above SBAR thereafter	0% for 3 years i.e. up to Feb 2010 and thereafter at SBAR which is presently 11.75%
Security	1. Primary Security: <ol style="list-style-type: none"> Equitable Mortgage of Factory Land & Building & hypothecation of entire fixed assets, including Plant & Machinery and other Fixed Assets, both present and future Hypothecation of the entire Current Assets of the Company including raw material, stock in process, finished goods, book debts, receivables and current assets, both presents and future. 2. Collateral Security: <ol style="list-style-type: none"> Pledge of shares by the Directors. Lien on STDR of ₹ 40 Lacs. 3. Personal Guarantee of Promoter Directors: <ul style="list-style-type: none"> • Mr. Ramesh Chandra Bajoria • Mr. Dinesh Chandra Bajoria • Mr. Arvind Bajoria • Mrs. Anupama Bajoria. 4. Corporate Guarantee of Arvind Chemicals Limited		

Note: FITL, WCTL – I and WCTL – II as mentioned above were outstanding out of the original sanctioned limit dated 23.02.2007 amounting to ₹ 222.30 Lacs, ₹ 212.50 Lacs and ₹ 432.17 Lacs respectively.

Repayment Schedule

Funded Interest Term Loan - FITL of ₹ 222.30 Lacs to be repaid in 4 ½ years including 6 months moratorium period in (i) 9 equal monthly instalments of ₹ 2.50 Lacs each commencing from July 2007 (ii) next 12 equal monthly instalments of ₹ 3.00 Lacs each commencing from April 2008 (iii) next 12 equal monthly instalments of ₹ 5.00 Lacs each from April 2009 (iv) next 12 equal monthly instalments of ₹ 6.00 Lacs each commencing from April 2010 and (v) last 3 equal instalment of ₹ 10.60 Lacs each commencing from April 2011.

Working Capital Term Loan I - WCTL – I of ₹ 212.50 Lacs to be repaid in 7 years (i.e. by 31.12.2013) from the cut-off date i.e. 31.12.2006 including 6 months moratorium period, in (i) initial 45 equal monthly instalment of ₹ 2.00 Lacs each commencing from July 2007 (ii) next 24 equal monthly instalment of ₹ 3.00 Lacs payable from April, 2011 and (iii) next 9 equal monthly instalment of ₹ 5.61 Lacs each payable from April 2013.

Working Capital Term Loan II - WCTL – II of ₹ 432.17 Lacs to be repaid in 7 years (i.e. by 31.12.2013) from the cut-off-date i.e. 31.12.2006 including 6 months moratorium period in (i) 9 equal monthly instalments of ₹ 2.00 Lacs each payable from July 2007 (ii) next 12 equal monthly instalment of ₹ 3.50 Lacs each commencing

Arvind International Limited

from April 2008 (iii) Next 24 equal monthly instalment of ₹ 5.50 Lacs each commencing from April 2009 (iv) next 24 equal monthly instalment of ₹ 7.00 Lacs each payable from April 2011 (v) next 8 equal instalment of ₹ 8.00 lacs each commencing from April 2013 and (vi) last instalment of ₹ 8.17 Lacs is to be paid within December 2013.

Out of the loans as detailed herein above the specific loans which shall be repaid from the proceeds of the Rights Issue will be decided by the Company only upon receipt of the proceeds from the Rights Issue.

Management of the Company has confirmed vide their Letter dated 11th January, 2011 that all loans as specified above have been used for the purposes for which they were raised. Please refer to the section titled “Material Contracts and Documents for Inspection” beginning on page 133 of this Letter of Offer.

(c) Unsecured Loan

The Company has availed ₹ 200.00 Lacs as unsecured loan from its promoters and others. These loans are being primarily used for the purpose of financing working capital requirement for day to day operations over the years. The whole amount of the loan is outstanding as on May 31, 2011. The Company intends to utilize ₹ 200.00 Lacs towards repayment and/ or pre-payment of such outstanding loans out of the Net Proceeds of the Rights Issue.

Following are the details of the Unsecured Loans, to whom the Company propose to repay from the proceeds of this Issue.

Name of the Lenders	Principal Loan Amount (₹ in Lacs)	Outstanding Loan Amount as on 31.05.2011 (₹ In Lacs)	Relation with Promoters/Directors	Repayable By	Applicable Rate of Interest
Mr. Mahesh Chand Shah	7.50	7.50	Not related	On Demand	Nil
Mr. Arvind Bajoria	120.00	120.00	Promoter Director	On Demand	Nil
Mr. Sanjeev Jain	5.00	5.00	Not related	On Demand	Nil
Ms. Sulochana Devi Jain	5.00	5.00	Not related	On Demand	Nil
Mrs. Anupama Bajoria	50.00	50.00	Promoter Director	On Demand	Nil
Mr. Darshan Mahesh Bhai Shah	7.50	7.50	Not related	On Demand	Nil
Mr. Ankur Jain	5.00	5.00	Not related	On Demand	Nil
Total	200.00	200.00			

The Company intends to repay outstanding loans to an extent, in order to improved Debt / Equity Ratio and allow flexibility in financial management of the operations. The Company has presently not approached any of its lenders and does not propose to approach its lenders until after the completion of this Issue regarding prepayment of some of the above loans. The entire amount is scheduled to be deployed in the Year 2011.

3. Issue Expenses

The total expenses of the Rights Issue are estimated to be approximately ₹ 34.50 Lacs. The Rights Issue related expenses include, among others, issue management fees, registrar fees, printing and distribution expenses, auditors fees, legal fees, advertisement expense, etc. The total expenses for the Rights Issue are 3.04 % of the Issue size. The following table gives break-up of estimated Issue expenses:

Sl. No.	Particulars	Amount (₹ in Lacs)	% of Total Issue Expenses	% of Total Issue Size
1.	Fees of Lead Manager, Registrar, Legal Advisor, Auditors, etc.	14.00	40.58	1.23
2.	Printing & Stationery, Distribution, Postage, etc.	6.00	17.39	0.53
3.	Advertisement & Marketing Expenses	6.00	17.39	0.53
4.	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	5.00	14.49	0.43
5.	Contingencies	3.50	10.15	0.66
	TOTAL	34.50	100.00	3.04

BRIDGE LOAN

The Company has not raised any bridge loan which will be repaid from the issue proceeds.

MONITORING OF UTILISATION OF FUNDS

The Board will monitor the utilisation of the net proceeds of the Issue and will disclose the details of the utilisation of the net proceeds, including interim use, under a separate head in the financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of the listing agreements with the Stock Exchanges.

The Company shall disclose to the Audit Committee, the uses and application of funds under the heads as specified above, on a quarterly basis as a part of the quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer, if any, and place it before the Audit Committee. Such disclosure shall be made only till such time that the full money raised through the Issue has not been fully spent. This statement shall be certified by the statutory auditors of the Company. The Audit Committee shall make appropriate recommendations to the Board to take up steps in this matter.

INTEREST OF DIRECTORS OR KEY MANAGEMENT PERSONNEL IN THE OBJECTS OF THE ISSUE

No part of the proceeds of the Issue will be paid by the Company as consideration to the Promoters, Promoter Group Companies, Directors, Associates, Group Companies or Key Management Personnel except in the normal course of business.

INTERIM USE OF FUNDS

Pending utilisation of the proceeds of the Issue for the purposes described above, the funds would be temporarily invested in high quality interest bearing liquid instruments including fixed deposits with scheduled commercial banks. Such investments would be in accordance with the investment policies approved by the Board or a duly authorized committee from time to time.

BASIS FOR ISSUE PRICE

The Issue Price has been determined by the Board of Directors in their meeting held on 22.03.2011.

Investors should also refer to “Risk Factors” and “Auditor’s Report” beginning on pages no. 10 and 69 respectively, of this Letter of Offer to get a more informed view before making any investment decision.

The Face Value of the Equity Shares is ₹ 10/- each and the Issue Price of ₹ 13.50/- is 1.35 times the Face Value.

QUALITATIVE FACTORS

The Company believe that following are some of the qualitative factors, which need to be considered for determining the basis for Issue Price:

- The Company has been in this business for more than two decade.
- Company's promoters have hands on experience in the industry.
- The Company has started expanding its reach to new markets.
- This is ISO 9001:2008 certified Company.
- Experienced and professional management team.

QUANTITATIVE FACTORS

The information presented in this section is derived from Company's standalone financial statements prepared in accordance with India GAAP.

1. Earnings per share (EPS) of Face Value ₹ 10/-

Particulars	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weights
Financial year ended 31st March, 2011	1.10	1.10	3
Financial year ended 31st March, 2010	1.01	1.01	2
Financial year ended 31st March, 2009	0.78	0.19	1
Weighted Average	1.02	0.92	

Note:

The earnings per share has been computed by dividing the adjusted profit / (loss) after tax but before Extraordinary Items by weighted average number of equity shares outstanding during the year. The Earnings per share has been calculated in accordance with Accounting Standard 20 on "Earnings per Share" issued by ICAI.

2. Average Return on Net worth (RONW)

Year ended	RONW (%)	Weights
March 31, 2011	12.18	3
March 31, 2010	12.70	2
March 31, 2009	10.91	1
Weighted Average RONW	12.14	

Note: The return on net worth has been computed by dividing the adjusted profit / (loss) after tax but before Extraordinary Items, by net worth excluding Revaluation Reserve as at the end of the year.

3. Minimum Return on Total Net Worth after Issue needed to maintain Pre-Issue EPS of ₹ 1.10 for the year ended March 31, 2011 is 9.60%.**(A) Net Asset Value (NAV) per Equity Share**

Particulars	NAV per Equity Share (₹)
As on March 31, 2011	₹ 9.02
After the Issue	₹ 11.46
Issue Price per Equity Share	₹ 13.50

4. Comparison of Accounting Ratios

Company	Face Value (₹)	EPS (₹)	P/E	RONW %	NAV per Equity Share (₹)
Arvind International	10	1.10	13.37*	12.18	9.02
Tirupati Foams	10	4.33	6.87	14.49	33.42
Manali Petrochem	5	1.16	8.24	17.46	7.4

(Source: Capital Market, Vol. XXVI, Iss. No1, 2011, Mar 7-20, Category "Plastics PU and PU Leather")

**Calculated based on issue price of ₹ 13.50/- per Equity Share.*

STATEMENT OF TAX BENEFITS

To
Arvind International Limited
15, Ganesh Chandra Avenue
2nd Floor, Kolkata-700013

Dear Sirs,

Sub: Statement of Possible Direct Tax Benefits

We hereby report that the enclosed annexure narrating the possible tax benefits that may be available to Arvind International Limited (The "Company") and to its shareholders under the current tax laws presently in force in India, provided other conditions remaining same. Several of these benefits are dependent on the Company and/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 are based on business imperatives the Company faces in the future.

The Benefits contained in the Annexure are not exhaustive. This statement is only intended to provide general information to the users of the prospectus to be published by the Company; and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each user is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their intended participation in the issue.

We do not express any opinion or provide any assurance as to whether the:
*Company or its shareholders will continue to obtain these benefits in future; or
*Company prescribed for availing the benefits have been / would be met with.

Our views expressed in the Annexure are based on the information, explanations and representations obtained from you and our understanding of the business activities and operations of the company. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Arvind International Limited and shall not, without our prior written consent, be disclosed to any other person. M/S N.C.Banerjee & Company Shall not be liable to Arvind International Limited for any claims, liabilities or expenses relating to this assignment except to the extent of the fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct.

This certificate is provided solely for the purposes of assisting the addressee company in discharging its responsibilities under the securities and Exchange Board of India (Issue of capital and Disclosure Requirements) regulations, 2009.

For N.C. Banerjee & Co.
Chartered Accountants
Regn.No.302081E

(A. Paul)
Partner
Membership No.06490

Date: 03.06.2011
Place: Kolkata

Annexure:

The following key direct tax benefits are available to the Company and the prospective shareholders under the current direct tax laws in India.

The tax benefits listed below are the possible benefits available under the current tax laws presently in force 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 imperative it forces in the future, they may or may not choose to fulfill. This statement is only intended to provide the tax benefits to the Company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. In view of the individual nature of tax laws and the changing pattern of tax laws, each investors is advised to consult their own tax advisor with respect to specific tax implications arising out of participation in the issue.

I. SPECIAL TAX BENEFITS:

There are no special benefits available to the Company.

1. Special benefit available to the shareholders of the Company under the Act.

There are no special benefits available to the shareholders of the Company.

II. GENERAL TAX BENEFITS

1. General benefits available to the Company under the Act.

(A) Business Income

1. Depreciation:

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business under section 32 of the Act at specified rates.

In case of new machinery or plant (other than ships and aircrafts), that is acquired and installed by Company, it is entitled to additional depreciation equal to twenty percent of the actual cost of actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.

Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against income from any source in subsequent assessment years in accordance with section 32 of the Act.

2. Business losses:

Business Losses if any, for any AY which cannot be set off against income of the year under any other head, can be carried forward and set off against business profits for eight subsequent AYs.

3. Expenditure incurred on Voluntary Retirement Scheme

In accordance with section 35DDA of the Act, the Company is eligible to deduction in respect of expenditure incurred in connection with voluntary retirement of its employees, of an amount equal to 1/5th of such expenses every year for a period of 5 year subject to the conditions specified therein.

4. MAT credit

As per section 115JAA(1A) of the Act, the Company is eligible to claim credit for MAT paid for any assessment year commencing on after April 1, 2006 against income-tax payable under the normal provisions of the Act in subsequent assessment years. MAT credit shall be allowed for any assessment year to the extent of difference between the tax payable as per the normal provisions of the Act and the

tax paid under section 115JB for that assessment year. Such MAT credit is available year in which the MAT credit becomes allowable.

5. R&D expenses

Under section 35 of the Income tax Act and subject to the provisions and conditions specified therein, the company would be entitled to a weighted deduction of

- One and one fourth times of the payments made to as approved scientific research association or
- One and one fourth times of the payments to a company to be used by it for scientific research or to a research association which has in its objects the undertaking of research in social science or statistical research or to university, college or other institutions for research in social science and statistical research

6. Others benefits

- The Company is eligible under section 35D of the IT Act to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the extension of undertaking, for period of five successive year subject to the limits provided and the conditions specified under the said section.
- The Company will be entitled to claim expenditure incurred in respect of amalgamation or demerger of an undertaking under section 35DDA of the IT Act in five equal annual installments.
- The Company will be entitled to claim expenditure incurred in respect of voluntary retirement under Section 35DDa of the IT Act in five equal annual installments.

(B) CAPITAL GAINS:

a) Long Term Capital Gain (LTCG)

Capital Gains arising from the transfer of a capital asset being shares held in a Company or any other security listed in a recognized stock exchange in India or Unit of the Unit Trust of India or a mutual fund specified under section 10(23D) of the Act or a zero coupon bonds, held by an assessee for more than 12 months will be long term in nature.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months.

b) Short Terms Capital Gain (STCG)

STCG means capital gain arising from the transfer of capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10 (23D)of the Act or a zero coupon bonds, held by an assessee for 12 months or less.

In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

c) Tax Treatment

- (i) LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under section 10(23D) of the Act are exempt from tax under section 10(38) of the Act provided the transfer is chargeable to securities transaction tax (STT) and subject to conditions specified therein.

- (ii) As per section 48 of the Act and subject to the conditions specified in that section, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
- (iii) As per section 112 of the Act, LTCG is taxed @ 20% (plus applicable surcharge and cess).
- (iv) However, if such tax payable on transfer of listed securities or units or Zero coupon bonds exceed 10% of the LTCG, without indexation benefit, the excess tax shall be ignored for the purpose of computing the tax payable by the assesses.
- (v) As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined, which has been set up under a scheme of a mutual fund specified under section 10(23D), are subject to tax at the rate of 15% (plus applicable surcharge and cess) provided the transaction is chargeable to STT. No deduction under chapter VI-A of the Act shall be allowed from such income.
- (vi) STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined, which has been set up under a scheme of a mutual fund specified under section 10(23) of the Act), where such transfer is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable surcharge and cess).
- (vii) As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against STCG well as LTCG. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years.
- (viii) As per section 71 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set-off against LTCG. Balance loss, if any, shall be carried forward and set-off against LTCG arising during subsequent 8 years.
- (ix) As per section 54EC of the Act, capital gain arising from the transfer of a long term capital asset shall be exempt from capital gains tax if such capital gains are invested within period of 6 months after the date of such transfer in specified bonds issued by the following and subject to the conditions special therein:
- National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

If only part of the capital gains is reinvested, the exemption shall be available on a proportionate basis.

(C) OTHER INCOME

(a) Dividend Income:

Dividend (both interim and final), if any, received by the Company on its investment in shares of another Domestic Company shall be exempt from tax under section 10(34) read with section 115-O of the Act.

(b) Income from Mutual Funds:

Income received in respect of units of a mutual fund specified under section 10(23D) of the Act (other than income arising from transfer of such units) shall be exempt from tax under section 10(35) of the Act.

2. General benefits available to the Members of the Company under the Act.

(A) Resident Members

(a) Dividend income:

Dividend, (both interim and final), if any, received by the resident shareholders from a Domestic company shall be exempt from tax under section 10(34) read with section 115-O of the Act.

(b) Capital gains:

(i) Benefits outlined in paragraph 1(B) of section 2 above are also applicable to resident shareholders.

(ii) In addition, a resident shareholder, being an individual or a Hindu Undivided Family (HUF) will be entitled to exemption under section 54F of the Act. Under this section, LTCG arising from transfer of shares shall be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

(B) Non-Resident Indians/ Members Other than FIIs and Foreign Venture Capital Investors.

(a) Dividend Income :

Dividend (both interim and final), if any, received by the non-resident shareholders from a Domestic Company shall be exempt from tax under section 10(34) read with section 115-O of the Act.

(b) Under the provisions of section 90(2) of the IT Act, if the provisions of the Double Taxation Avoidance Agreement [DTAA] between India and the country of residence of the non-resident are more beneficial, then the provisions of the DTAA shall be applicable.

KEY INDUSTRY REGULATIONS:

No new regulations are applicable for the proposed Objects of the Issue.

5. INTEREST OF THE PROMOTERS AND DIRECTORS TO THE OBJECTS OF THE ISSUE:

No part of the Issue proceeds will be paid by the Company as consideration to Promoters, Directors, Key Managerial Personnel, Associates, Affiliates or members of the Promoter Group except in the normal course of business.

None of the Promoters and Directors has any interest in the project or objects of the issue except to the extent of their share holding in the Company.

There is no strategic or financial partner to the project / objects of the issue.

SECTION – V. ABOUT THE ISSUER COMPANY

1. HISTORY AND CORPORATE STRUCTURE:

The Company was originally incorporated on 10th May 1991 with the Registrar of Companies, West Bengal at Kolkata under the name and style of “Arvind International Private Limited.” It was converted into a Public Limited Company by a special resolution passed by the Company and a fresh certificate of incorporation dated 10th August, 1994 was obtained from the Registrar of Companies, West Bengal at Calcutta. The Registered Office address of the Company is 15, Ganesh Chandra Avenue, 2nd Floor, Kolkata - 700 013, and its Corporate Office address is 131-134, Vrindavan Vihar, D.C.M., Ajmer Road, Jaipur - 302 019, Rajasthan. The Company came out with its maiden Public Issue of 22 lacs equity shares of ₹ 10/- each at a premium of ₹ 4/- per share aggregating to ₹ 308.00 lacs on December 1994.

Present Business of The Company

Arvind International Limited is the Flagship Company of Arvind Group of Industries having factory at Bagru Industrial Area on the outskirts of Jaipur. It is an ISO 9001:2000 Company is the manufacturer of Polyurethane Foam in the Country since almost a decade. The Company came out with its maiden public offer in December, 1994. The Initial Capacity was only 2400 M.T. of P.U. Foam. In the year 2004 the Company merged with its sister concern, Aparna Polyproduct Private Limited which was producing Rebonded Foam with an annual capacity of 300 M.T. The Company has been since engaged in production of Polyurethane Foam and Foam products and has achieved an annual turnover of around ₹ 2400 Lacs for financial ending 31st March 2009. Now the Company has increased its capacity of Rebonded Foam to 600 M.T. per annum and of P.U. Foam to 4200 M.T. per annum. The capacity of Rebonded Foam and P.U. Foam was increased in the year 2005-06. The Company also manufactures products for other established brands, apart from its own brand such as, Arvind Foam and Arvind Lifetime. As of now the Company brands have high recall value among customers of Rajasthan, Madhya Pradesh, Chattisgarh, West Bengal and Gujarat.

The Company produces foam products such as PU Foam, Rebonded Foam, Mattresses and Pillows.

In order to operate and maintain the plant facilities, including the technical and general administration needs, the manpower requirement has been estimated to approximately 69 (in numbers) out of which 59 of the manpower requirement is on Company's payroll and balance i.e. 10 is arranged through contractors. The Company does not maintain contractual relationship with these contractors.

The Company does not own premises from which the registered office is functioning nor does the Company own the premises at which the Corporate Office and Plant are located. The Company operates from leased/rented premises in respect of which it has entered into long term lease/tenancy agreements. None of the Promoter/ Promoter Group or any of its relatives in any way connected with lease / tenancy agreements entered by the Issuer Company.

The Company does not, as a matter of practice, enter into long-term supply contracts with the customers for the sale of the products. The Company carries on business with customers on the basis of purchase orders received from time to time, and does not have any long term commitments from the customers to make purchases from the Company of its products.

The Company's current manufacturing facility is situated in Jaipur (Rajasthan). The capacity utilization in its plant is 7.57% for P.U. Foam and 13.82% for Rebonded Foam, as on March 31, 2011. The capacity utilization of the plant for the P.U. Foam and Rebonded Foam is 20.79% & 37.50% respectively for the FY- 2007-08, 18.90% & 14.13% respectively for the FY- 2008-09 and 9.26% & 17.50 respectively for the FY- 2009-10.

The Company has adopted the latest technology for its manufacturing Plant. The Company's future success will depend in part on the Company's ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

Arvind International Limited

The company's installed capacity and production details for the Financial Year ended 31st March, 2011 are as under:

Products	Unit	Installed Capacity	Production
P.U. Foam	M.T.	4200	318.13
Rebonded Foam	M.T.	600	82.90
Mattress & other products (includes Coir Mattress, Spring Mattress, P.U. Foam Mattress, Rebonded Mattress, Pillows, etc.)	Pcs		15540.00

The Manufacturing facility of the Company is located at E95-96 & G-76-78, RIICO Industrial Area, Bagru Extension, Bagru – 303007. The plant is spread on an area covering 12285 sq. metres of industrial land. The unit has the required infrastructure and other utilities including power, water, availability of raw materials and consumables etc.

The Company has started its coal trading business on 22.12.2010. The Company deals in all types of coal and metcoke, for industrial uses. The Company has no infrastructure facility apart from an office for the coal trading business which is located at Jamnagar, Gujarat. The Company normally use port designated warehouses for storage of the materials. For the transportation of Coal normally local lorry is being used from various transporters, which is arranged by the buyers. However, the main business of the Company is manufacturing of foam products such as PU Foam, Rebonded Foam, Mattresses and Pillows etc. Out of the Total revenue of the Company of ₹ 11752.86 Lacs, the revenue of the Company from coal trading business, during the year ended 31st March 2011 is ₹ 9462.36 Lacs. The operating profit of the Company from its Manufacturing activities and trading activities are ₹ 215.10 Lacs and ₹ 51.08 Lacs respectively.

Main objects of the Company

1. To carry on the business of Distiller, Refiners, Importers, Exporters, Buyers, Sellers, Suppliers, Stockist, Agents, Merchants, Distributors of and Dealers in all kinds of Chemicals, including plasticizers, cid slurry, Resins, Lacquers, Thinners organic and Inorganic Fine and Heavy chemicals such as sulphates, Nitrates, chlorides, paints, varnishes, printing inks, stearates, Elastomers, phthalates, Anhydrides, hydrates Acids, Alkalies, their salts, Alums polyesters, polycarbonate polyesters, epoxy resins, pesticides, agricultural chemicals, colouring materials, such as pigments, dyes, finishes, insecticides, fumicides, weedcides, surface active agents, Tanning agents, coating resins drugs, pharmaceutical Chemicals, marine chemicals Fertilizers, coaltar and its by products, petrochemicals and products based on petrochemicals, terpenines, gums, adhesives, waxes, shellac products glycerine, fatty Acids, Dimer acids, polyamines and intermediaries Rubber Chemicals Reagents.
2. To carry on the business of Distiller, Refiners, Importers, Exporters, Buyers, Sellers, Suppliers, Stockist Brokers and Commission Agents, Merchant Distributors of and Dealers in and in kinds of Minerals, Metals, Ferrous and non-ferrous metals, Oils and Lubricants, Petroleum products, drugs, medicines, Pharmaceuticals, Plastic and Rubber products, synthetics products, Photographic goods and apparatus Forest Products, paper & Packing Materials and in all kinds of machinery, raw materials, and stores required in connection therewith.
3. To carry on business of Buyers, sellers, Suppliers, Traders, Importers, Exporters, Indentors, Brokers, Agents, Assemblers, Packers, Stockist, Distributors and Dealers of and in all kinds of Agricultural producers, Food Articles, by-products, consumer goods, household goods, hardwares and stores, Plant and Machineries, Stores and Spare Parts and Accessories, General merchandise, Zinc and Alloys, Scraps, Industrial and other gases, Alcohol, Wines and Beverages, Edible and Non-edible oils and fats, Commercial and Natural and manmade fibres, Textiles, of all kinds, all types of Yarn, Cosmetic goods, Cements, Steel, Vehicles, Vehicles parts, Cycle and cycle parts, automobiles parts, machines parts, Industrial components and Accessories, Electronic parts, and devices, watches, Novelties, Bullion, precious stones, work of art, antique, curios, Jewelleries and Ornaments and in all kinds of Machinery, Accessories and other things required in connection therewith.

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At the Annual General Meeting held on 9th September, 1994, the shareholders of the Company have passed a Special Resolution u/s 149(2A) of the Companies Act, 1956 for commencement of all or any of the business in sub-clause 1 of other object clause (C) of the Memorandum of Association of the Company particularly the business as manufacturers, formulators, processors, producers, growers, fermentators, distillers, refiners, makers, importers, exporters, buyers, sellers, suppliers, stockists, agents, merchants, distributors and concessionaires of, and dealers in polyurethane foam.

Major events in the history of the Company

Year	Events
1991	Incorporation of the company, on 10 th May, 1991
1994	Conversion into Public Limited Company, on 10 th August, 1994
1994	Initial Public Issue of 22,00,000 Equity Shares of ₹ 10 each for cash at a premium of ₹ 4 per share aggregating ₹ 308 lacs, on December 1994
1999	ISI certification for quality obtained on 10 th March, 1999 by Bureau of Indian Standards
1999	ISO 9002:1994 certification for quality obtained on 16 th December, 1999
2003	ISO 9001:2000 certification for quality obtained on 22 nd October, 2003
2004	Amalgamation of Aparna Polyproduct Private Limited with the company effective from 1 st April 2004 – order of Hon'ble High Court of Calcutta obtained on 18 th January, 2005
2008	Preferential Allotment of 2,200,000 Equity Shares of ₹ 10 each for cash at a premium of ₹ 3 per share aggregating ₹ 286 lacs, on 24 th March 2008

Subsidiary

The Company has no Subsidiary

Changes in Registered office

No Change in Registered office of the Company since incorporation

Changes in Memorandum of Association

Date	Amendments
25.07.1994	Increase from ₹ 50 Lacs divided into 5 Lacs Equity Shares to ₹ 350 Lacs divided into 35 Lacs Equity Shares of ₹ 10/- each
10.08.1994	Change of status of Company from Private Limited to Public Limited
09.09.1994	Increase from ₹ 350 Lacs divided into 35 Lacs Equity Shares to ₹ 500 Lacs divided into 50 Lacs Equity Shares of ₹ 10/- each
09.09.1994	Addition in the Object Clause of the Memorandum of Association
28.02.2005	Increase from ₹ 500 Lacs divided into 50 Lacs Equity Shares to ₹ 1250 Lacs divided into 125 Lacs Equity Shares of ₹ 10/- each
30.12.2010	Increase from ₹ 1250 Lacs divided into 125 Lacs Equity Shares to ₹ 2000 Lacs divided into 200 Lacs Equity Shares of ₹ 10/- each

2. MANAGEMENT

Board of Directors

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

Name, Address, Occupation, Qualification & DIN	Age	Designation	Date of Appointment/Re-appointment	Date of Expiration of current term of office	Experience (Years)	Directorship in other Companies
Mr. Arvind Bajoria 131-134, Vrindavan Vihar , D.C.M Ajmer Road, Jaipur- 302019, Rajasthan, Occupation: Business Qualification: B. Com DIN: 00003742	44 Yrs	Managing Director	30/01/2010	5 years from the date of re-appointment	20 Yrs	1. Arvind Coirfoam Private Limited 2. Ashtavinayak Enterprises Private Limited.
Mrs. Anupama Bajoria 131-134, Vrindavan Vihar , D.C.M Ajmer Road, Jaipur- 302019, Rajasthan, India Occupation: Business Qualification: B.A. DIN: 00091233	43 Yrs	Director	31/10/2006	Retirement by rotation	10 Yrs	1. Arvind Coirfoam Private Limited 2. Ashtavinayak Enterprises Private Limited.
Mr. Rajiv Chamaria 535, New Alipore Block-M, Kolkata- 700053, West Bengal, India Occupation: Business Qualification: B.Com DIN: 00665145	45 Yrs	Director	27/09/2008	Retirement by rotation	25 Yrs	1. Tasati Tea Limited. 2. Supriya Tea Limited. 3. RNT Finance Limited. 4. Subir Udyog Limited. 5. MAS Manors Development Limited. 6. Pandua Cold Storage Private Limited. 7. Gujarat Metallic Coal & Coke Limited.
Mr. Manish Lohia P-590, Purna Das Road, Purna Apartments, 1st Floor, Kolkata, 700029, West Bengal, India Occupation: Business Qualification: B.Com, ACA DIN: 00003563	44 Yrs	Director	16/03/2010	Retirement by rotation	15 Yrs	1. Rausheena Udyog Limited.
Mr. Manoj Kumar Agarwal Club Town, Block-11,	41 Yrs	Director	16/03/2010	Retirement by rotation	10 Yrs	1. Mathura Marketing Limited.

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Name, Address, Occupation, Qualification & DIN	Age	Designation	Date of Appointment/Re-appointment	Date of Expiration of current term of office	Experience (Years)	Directorship in other Companies
Flat-3D, Teghoria, Kolkata, 700052, West Bengal, India Occupation: Business Qualification: B.Com., FCA DIN: 00067194						2. Longview Tea Co. Limited. 3. Agra Consult Private Limited 4. Agra Plyboards Private Limited 5. Agra Tadelink Pvt. Ltd.

Details of current and past directorship(s) of Directors of the Company for a period of five years (prior to the date of this Letter of Offer) in listed companies whose shares have been / were suspended from being traded on the stock exchanges having nationwide trading terminal.

None of the directors are / were associated in any listed company (ies) during the period of five years (prior to the date of this Letter of Offer) whose shares have been / were suspended from being traded on the stock exchanges having nationwide trading terminal.

Details of current and past directorship(s) in listed companies who have been / were delisted from the stock exchanges(s)

None of the directors are / were associated in any listed company (ies) which have been delisted from the stock exchange(s).

Except for the following relationships between the Directors, none of the Directors are related to each other:

Mr. Arvind Bajoria, Managing Director and Mrs. Anupama Bajoria Director of the Company are husband and wife. Hence they are relatives as per Schedule IA of the Companies Act, 1956.

The Company has not entered into any service contracts with any Directors which provide for any benefits to the said Directors upon termination of the employment.

The Company has not entered into any arrangement or understanding with its major shareholders, customers, suppliers or other pursuant to which any of the directors were selected as a director or member of senior . Further, except for statutory benefits upon termination of their employment in the Company or upon retirement, no officer of the Company, including the Directors and the Key Managerial Person, are entitled to any benefits upon termination of employment with the Company.

Brief profile of Directors of the Company

1. Mr. Arvind Bajoria

Mr. Arvind Bajoria, aged 44 years, is the Managing Director of the Company. He is a commerce graduate and has an experience of over two decades in Foam and Coir Industry. He began his career as an agent by selling chemicals. Over his long association with the suppliers and buyers he was able to spot a need for setting up his own manufacturing facilities. He has also co-promoted Arvind Coirfoam Private Limited and Ashtavinayak Enterprises Private Limited. With vast experience and presence in the Chemical Sector, he diversified into P.U. and Foam sector and promoted Arvind International Limited to set up P.U. and Coir Plant comprising of Foam and Mattresses and Home Comfort products. He contributes with his experience and provides guidance to the senior management of the Company.

2. Mrs. Anupama Bajoria,

Mrs. Anupama Bajoria, aged 43 years, is a Director of the Company. She is an Arts Graduate. She has a good corporate experience of 10 years in various positions ranging from administrative officer to director. She has

supervised the activities like administration, HR, general management, marketing etc. in industrial and commercial business houses engaged in diversified activities.

3. Mr. Rajiv Chamaria

Mr. Rajiv Chamaria aged about 45 years, a Tea Planter, having 27 years of experience of running tea garden of moderate capacity. Mr. Chamaria has an experience of handling various departments i.e. Finance, production, Marketing, Accounts, Purchase etc. His expertise provides guidance to the Company in the field of Finance, manufacturing and Marketing.

4. Mr. Manish Lohia,

Mr. Manish Lohia, aged 44 years, is a Director of the Company. He is a Commerce Graduate and Associate Chartered Accountant. He has a corporate experience of two decades in various positions in matters of industrial operation and finance. Mr. Lohia's expertise is in financial management and in systems that ensure the seamless running of industrial units.

5. Mr. Manoj Kumar Agarwal

Mr. Manoj Kr. Agarwal aged about 41 years is an Independent Director of the Company. He is a Fellow Chartered Accountant with wide experience of 15 years in Audit, Taxation and Financial matters.

Borrowing Powers of the Directors in the Company

The Company at its EGM held on 28th February, 2005 passed a resolution authorizing the Board of Directors pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, to borrow from time to time, upto a limit not exceeding ₹ 5000.00 Lacs.

Interest of Directors

All the Non-executive Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/ or reimbursement of expenses payable to them as per the applicable laws.

The Directors may also be regarded as interested in the shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/ transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, Partners and or Trustees. All Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by AIL with any Company in which they hold Directorships or any partnership or proprietorship firm in which they are partners or proprietors as declared in their respective declarations.

The Managing Director of the Company is interested to the extent of remuneration paid to him for services rendered to the Company.

Except as stated otherwise in this Letter of Offer, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Letter of Offer in which the directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered with them.

Terms of the appointment and compensation of the Executive Directors

Mr. Arvind Bajoria:

In accordance with the provisions of Section 198, 269, 309, 310, 311, Schedule XIII and all other approvals, permissions and sanctions, as may be required and subject to such conditions and modification, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, and approvals of the Board of Directors, the Company reappointed Mr. Arvind Bajoria as the Managing Director the Company for a fresh term of five years w.e.f. 30th January, 2010 on the following terms and conditions:

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TERMS OF REMUNERATION:

- (i) Basic Salary of ₹ 31,000/- per month till the remaining tenure with authority to the Board of Directors to increase the same from time to time in accordance with limits specified in Schedule XIII to the Companies Act, 1956, as amended from time to time.
- (ii) House Rent Allowance: ₹12,400/- Per Month
- (iii) Medical reimbursement: upto ₹ 1,250/- per month

OTHER PERQUISITS:

- (iv) Leave Travel Allowance / Concession: The Company will reimburse actual fare of the economy class AIR or AC train equivalent expense for self, wife and dependent family once a year subject to a ceiling limit of one month salary per year.
- (v) Leave with salary: 15 days leave on full pay and allowance as per rule of the Company can be availed for every one year of service rendered. In case leave is not availed the same can be encashed fully.
- (vi) Personal Accident / Insurance: The Company will pay for the premium of personal Accidents Insurance which will not exceed ₹ 2000/- p.a.
- (vii) Provident Fund: Contribution @ 12% of basic salary will be deducted from his salary and the like amount will be contributed by the Company.
- (viii) Gratuity: Not exceeding half month salary for every completed years of service as per Gratuity Act, 1972.
- (ix) Telephone: Free Telephone facilities at resident. Personal Long distance call shall be billed by the Company.
- (x) Fees for the Club: The Company will reimburse the club fees and expenses subject to maximum of two clubs excluding admission and life membership fees.
- (xi) Motor Car: The Company will provide one Car with driver for official use only.

Minimum Remuneration:

In any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, the Company may pay him the above remuneration as the minimum remuneration by way of salary subject to the receipt of requisite approvals, if any.

Compensation of the Non- Executive Directors

No compensation in terms of sitting fees or any other, has been paid to the Non Executive Directors upto 31.12.2010.

Details of sitting fees paid to Non- Executive Directors during the FY 2010-11

Name of the Director	Amount (₹)
Mrs. Anupama Bajoria	NIL
Mr. Rajiv Chamaria	3000.00
Mr. Manish Lohia	3000.00
Mr. Manoj Kumar Agarwal	1500.00

Number of Equity Shares held by the Directors as on 31st March 2011.

Sl. No.	Name of the Director	No. of Equity Shares held	Percentage of Pre-Issue holding in the Company
1.	Mr. Arvind Bajoria	6,15,934	8.79
2.	Mrs. Anupama Bajoria	5,62,540	8.02

Changes in the Directors in last three years

Name of the Director	Date of Appointment	Date of Resignation	Remarks
Mr. Suvabrata Ganguly	03/09/05	16/03/10	Resigned on 16/03/10
Mr. Sushil Kr. Poddar	31/10/06	16/03/10	Resigned on 16/03/10
Manoj Kr. Agarwal	16/03/10	N.A.	Appointed as Additional Director on 16/03/10. Confirmed as director in the AGM held on 25.09.2010
Mr. Manish Lohia	16/03/10	N.A.	Appointed as Additional Director on 16/03/10. Confirmed as director in the AGM held on 25.09.2010.

Compliance with Corporate Governance Requirements

The composition of Board of Directors, Audit Committee, Remuneration Committee and Shareholder's / Investor's Grievance Committee are in compliance with the requirement of Clause 49 of the BSE Listing Agreement.

Company's philosophy on Corporate Governance envisages working based on transparency, accountability, consistent value systems, delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The business operations are conducted to benefit its stakeholders. Corporate governance is administered through Company's Board and the Committees of the Board. In compliance with Clause 49 of the Listing Agreement with BSE, Company has the following Board level Committees:

(i) Audit Committee, (ii) Remuneration Committee and (iii) Shareholder's / Investors' Grievance Committee. However, the primary responsibility for upholding corporate governance and providing necessary disclosures within the framework of legal provisions and institutional conventions with commitment to enhance shareholder's value vests with the Board.

As a listed company it is in compliance with the applicable provisions of the Listing Agreements pertaining to corporate governance, including appointment of Independent Directors and constitution of Committees. Company complied with the requirements of Corporate Governance contained in the Listing Agreement. A brief description of the composition of Board, key committees, their scope, composition and meetings for the current year is as follows:

Composition of the Board of Directors

The present strength of the Board of Directors of the Company consists of 5 Directors of which 1 is Chairman & Managing Director, 1 Non- Executive Promoter Director and 3 Non Executive Independent Director , with independent judgment in the deliberation and decision of the Board. The Chairman of the Board is an Executive Director.

Committees of the Board of Directors

The Company has constituted the following committees for compliance with corporate governance requirements:

(a) Audit Committee

The Audit Committee was constituted pursuant to the Board meeting held on 26th February, 2003, and reconstituted on 16th March, 2010. As on 2nd February, 2011 the committee comprises of;

Sl. No.	Member	Designation
1.	Mr. Rajiv Chamaria	Non –Executive Independent Director (Chairman of the Committee)
2.	Mrs. Anupama Bajoria	Non- Executive Promoter Director
3.	Mr. Manoj Kumar Agarwal	Non-Executive Independent Director

The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement, as amended from time to time, and its terms of reference include the following:

1. Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report changes, if any, in accounting policies and practices and reasons for the same;
 - ii. Qualifications in draft audit report.
 - iii. Compliance with listing and other legal requirements relating to the financial statements.
 - iv. Disclosures of related party transactions
 - v. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
3. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
4. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
5. Discussion with internal auditors any significant findings and follow up thereon.
6. Reviewing the Company’s financial and risk management policies.

The Audit Committee is required to meet at least three times in a year, including once before the finalisation of annual accounts and once in every six months. The quorum for the meetings is two directors or one-third of the total number of members, whichever is higher.

The Audit Committee held four meetings in the financial year 2010-2011. A brief description of meetings of the Audit Committee is set forth below:

Sl. No.	Date of Meeting	Proceedings of the Meeting
1.	29.05.2010	Approval of audited accounts for FY 2009-10
2.	30.07.2010	Review of unaudited results for quarter ended on 30/06/2010
3.	30.10.2010	Review of un-audited results for half year/quarter ended on 30/09/2010
4.	02.02.2011	Review of un-audited results for quarter ended on 31/12/2010

The Audit Committee held six meetings in the financial year 2009-2010. A brief description of the meetings of the Audit Committee is set forth below:-

Sl. No.	Date of Meeting	Proceedings of the Meeting
1.	25.04.2009	Review of un-audited financial results for quarter ended 31.03.2009
2.	30.05.2009	Review of audited financial results for year ended on 31.03.2009
3.	31.07.2009	Review of un-audited financial results for quarter ended on 30.6.2009
4.	30.10.2009	Review of un-audited financial results for quarter ended on 30.09.2009
5.	30.01.2010	Review of un-audited financial results for quarter ended on 31.12.2009
6.	16.03.2010	Reconstitution of Audit Committee

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The Audit Committee held four meetings in the financial year 2008-2009. A brief description of meetings of the Audit Committee is set forth below:-

Sl. No.	Date of Meeting	Proceedings of the Meeting
1.	26.04.2008	Review of un-audited financial results for quarter ended 31.12.2007
2.	04.07.2008	Review of un-audited financial results for quarter ended on 30.6.2008
3.	29.10.2008	Review of un-audited results for quarter ended on 30.09.2008
4.	16.01.2009	Review of un-audited financial results for quarter ended on 31.12.2008

(b) Shareholders' Committee

The Shareholders' Committee was constituted pursuant to the Board meeting held on 26th February 2003, and reconstituted on 16th March, 2010, and as on 31st March 2011, the committee comprises of:

Sl. No.	Member	Designation
1.	Mr. Manish Lohia	Non-Executive Independent Director (Chairman of the Committee)
2.	Mrs. Anupama Bajoria	Non-Executive Promoter Director
3.	Mr. Rajiv Chamaria	Non-Executive Independent Director

The Shareholders' Committee inter alia performs the role/functions as set out in Clause 49 of the Listing Agreement, as amended from time to time, with the Stock Exchanges and its terms of reference include:

1. Approving share transfer and transmissions, etc.;
2. Approving issuance of share certificates as and when required from time to time;
3. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non- receipt of balance sheet etc.;
4. Oversee the performance of Registrar and Transfer Agent; and
5. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The Shareholders' Committee held seven meetings in the financial year 2010-2011. A brief description of meetings of the Shareholders' Committee is set forth below:

Sl. No.	Date of Meeting	Proceedings of the Meeting
1.	30.04.2010	To take on record investor complaints received and analyse & review redressal system thereof.
2.	30.11.2010	
3.	15.12.2010	
4.	31.1.2011	To take a note on transfer of shares.
5.	28.2.2011	To take a note on transfer of shares.
6.	15.03.2011	To take a note on transfer of shares.
7.	31.3.2011	To take a note on transfer of shares.

The Shareholders' Committee held three meetings in the financial year 2009-2010. A brief description of meetings of the Shareholders' Committee is set forth below:

Sl. No.	Date of Meeting	Proceedings of the Meeting
1.	31.07.2009	To take a record on transfer of shares
2.	15.12.2009	
3.	16.03.2010	Reconstitution of Shareholder's committee

The Shareholders' Committee held sixteen meetings in the financial year 2008-2009. A brief description of meetings of the Shareholders' Committee is set forth below:

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Sl. No.	Date of Meeting	Proceedings of the Meeting
1.	15.04.2008	To take a record on transfer of shares
2.	30.04.2008	
3.	30.05.2008	
4.	16.06.2008	To take a record on transfer of shares
5.	30.06.2008	To take a record on transfer of shares
6.	15.07.2008	To take a record on transfer of shares
7.	31.07.2008	To take a record on transfer of shares
8.	19.08.2008	To take note on remat of shares
9.	01.09.2008	To take a record on transfer of shares
10.	30.09.2008	To take a record on transfer of shares
11.	15.10.2008	To take a record on transfer of shares
12.	15.11.2008	To take a record on transfer of shares
13.	17.11.2008	To take note on remat of shares.
14.	15.01.2009	To take a record on transfer of shares
15.	05.03.2009	To take a record on transfer of shares
16.	31.03.2009	To take a record on transfer of shares

(b) Remuneration Committee

The Remuneration Committee was constituted pursuant to the Board meeting held on 30th July 2004, and reconstituted on 16th March, 2010 and as on 13th November 2010 the committee comprises of;

Sl. No.	Member	Designation
1.	Mr. Rajiv Chamaria	Non-Executive Independent Director (Chairman of the Committee)
2.	Mrs. Anupama Bajoria	Non-Executive Promoter Director
3.	Mr. Manoj Agarwal	Non-Executive Independent Director

The Remuneration Committee be and is empowered with the role and function as per the provisions as specified under Annexure I D(2) of the Corporate Governance Code under Clause 49 of the Listing Agreement, as amended from time to time, including the appointment and finalizing the remuneration of senior level employees of the Company. Its terms of reference include:

Determination and approval of the quantum of remuneration whether by way of salaries, commission, special allowances, any other perquisites to the Managing and Whole time Directors and non-executive Directors. Generally, the Remuneration Committee considers and approves remuneration payable to executive directors subject to final confirmation by Members in the General Meeting.

The Remuneration Committee held three meetings in the financial year 2009-2010. A brief description of meetings of the Remuneration Committee is set forth below:

Sl. No.	Date of Meeting	Proceedings of the Meeting
1.	01.09.2009	To review and approve the increase in remuneration of managerial personnel .
2.	30.01.2010	
3.	16.03.2010	For reconstitution of Audit Committee

The Remuneration Committee held two meetings in the financial year 2010-2011. A brief description of meetings of the Remuneration Committee is set forth below

Sl. No.	Date of Meeting	Proceedings of the Meeting
1.	01.11.2010	To accord for the payment of sitting fees to non-executive independent directors.
2.	13.11.2010	

SECTION - VI. FINANCIAL STATEMENTS

To
The Members
Arvind International Limited
15, Ganesh Chandra Avenue
Kolkata – 700 013

1. We have audited the attached Balance Sheet of M/s. Arvind International Limited as at 31st March, 2011, the Profit & Loss Account and Cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order 2004 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order, to the extent applicable.
4. Further to our comments in the Annexure referred to above, we report that :-
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standard referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
 - v) On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2011 from being appointed as director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Notes to Accounts given in Schedule No. 17 annexed to accounts give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - a) In the case of the Balance Sheet of the state of Affairs of the company as at 31st March, 2011.
 - b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) In the case of Cash flow statement, of the cash flows for the year ended on that date.

For N. C. Banerjee & Co.,
Chartered Accountants

B. Basu
Partner
Membership No. 12748

Dated: 20.05.11
Place: Kolkata

ANNEXURE TO THE AUDITORS' REPORT
Re: ARVIND INTERNATIONAL LIMITED ('the Company')
(Referred to in Paragraph 3 of our report of even date)

1.
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
 - b) The management has physically verified the Fixed Assets during the year and according to the information no material discrepancies were noticed on such verification.
2.
 - a) Physical verification of inventories excepting material lying with third parties, have been made by the Management at reasonable intervals. In our opinion the frequency of verification was reasonable.
 - b) The procedures of physical verification of inventories followed by the management found to be are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The discrepancies noticed on physical verification of stocks as compared to book records, were not material and have been properly dealt with in the books of accounts.
3.
 - a) As informed to us, no loans and advances in the nature of loans, secured or unsecured, have been granted by the company to any party, firm or company covered in the register maintained under Section 301 of Companies Act, 1956.
 - b) As informed to us the company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. According to the information and explanations given to us there is an adequate Internal Control system commensurate with the size of the company and the nature of its business, for purchase of inventory, fixed assets and for the sale of goods and services, we observed no major weakness in internal control system.
5. From our examination of books of accounts and records of the company and in the manner, information and explanations were given to us, we find that there were transactions of purchase of goods and materials and sale of goods and materials and services that need to be recorded in the register maintained under section 301 of the Companies Act, 1956, have been duly entered in the Register maintained U/s. 301 of the Companies Act, 1956. The transactions exceeding ₹ five lacs, in our opinion were in accordance with the prevailing market price.
6. The company has not accepted any deposits from public and hence the provisions of the Sections 58A and 58AA of the Companies Act, 1956 are not applicable to the Company.
7. The Internal Audit System, as prevailing, commensurate with the size of the company and nature of its business.
8. To the best of our Knowledge, and according to information & explanation given to us, the Central Government has not yet made it compulsory for the company to maintain cost records under section 209(1) (d) of the Companies Act, 1956.
9.
 - (a) According to the records of the company, we observed that the company was generally regular in depositing undisputed statutory dues including Investors Education and Protection Fund, Income Tax, Sales Tax, Excise Duty, Service Tax and other statutory dues applicable to it with the appropriate authorities during the year under review. Some delays were noticed in payments of Employees Provident Fund and Employees State Insurance. The Central Government has not yet prescribed the amount of cess for Rehabilitation and Revival Fund under section 441A of the Companies Act, 1956.
 - (b) According to the information and explanations given to us no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, cess and other material statutory dues were in arrear as at 31st March 2010 for a period of more than six months from the date they become payable.

Arvind International Limited

(c) We were informed that the following statutory dues have not been deposited on account of disputes pending before the following authorities:-

Sl. No.	Name of the Statute	Nature of dues	Amount (₹ in Lacs)	Period to which the amount Relates	Forum where disputes is pending
01.	RST Act	Sales Tax	1.35	F.Y.2001-02	Additional Commissioner (Appeals)

10. The company has been registered for more than 5 years and accumulated loss including Misc. Expenditure not written off at the end of the financial year 2010-2011 amounted to ₹262.86 lacs which does not exceeds the fifty percent of net worth of the company. No cash loss was incurred by the company during the Current financial or immediately preceding financial year.
11. The company has not defaulted in repayment of dues to any financial institution and no debenture was issued by the company.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the company do not attract any provision of special statute applicable to chit fund and Nidhi / Mutual benefit fund/ Societies.
14. There was no dealing or trading in shares, securities, debenture or other investments, effected by the company during this year.
15. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. In our opinion and according to the information and explanations given to us, funds raised on short term basis has not been used for long term investment.
18. The company has not issued any debenture during the year under review.
19. The company has not raised any money through public issue during the year.
20. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the company, noticed or reported during the year.

**For N. C. Banerjee & Co.,
Chartered Accountants**

**B. Basu
Partner
Membership No. 12748**

Dated: 20.05.11
Place: Kolkata

1. AUDITED FINANCIAL STATEMENTS**BALANCE SHEET AS ON 31ST MARCH, 2011**

PARTICULARS	SCHEDULES	₹ in Lacs)	
		31st March, 2011	31st March, 2010
<u>SOURCES OF FUNDS :</u>			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	1	701.05	701.05
Reserves & Surplus	2	194.00	194.00
<u>LOAN FUNDS</u>			
Secured Loans	3	1,118.84	1,142.41
Unsecured Loans	4	331.93	85.08
Deferred Tax Liability (Net)		77.90	77.90
	T O T A L	2,423.72	2,200.44
<u>APPLICATIONS OF FUNDS :</u>			
<u>FIXED ASSETS</u>			
Gross Block	5	934.20	949.43
Less: Depreciation		406.38	367.12
Net Block		527.82	582.31
Capital works in progress		140.69	92.78
<u>INVESTMENTS</u>			
	6	48.64	48.64
<u>CURRENT ASSETS, LOANS AND ADVANCES</u>			
Inventories (At Cost)	7	5,956.67	686.11
Sundry Debtors	8	520.15	590.30
Cash & Bank Balances	9	66.12	79.57
Loans and Advances	10	618.26	535.19
		7161.20	1891.17
<u>LESS: CURRENT LIABILITIES & PROVISIONS</u>			
Liabilities	11	5,686.44	742.78
Provisions		31.05	11.51
NET CURRENT ASSETS		1443.71	1136.88
<u>MISCELLANEOUS EXPENDITURE</u>			
(to the extent not written off or adjusted)	12	52.80	116.80
<u>PROFIT & LOSS ACCOUNT</u>			
(PROFIT) BROUGHT FORWARD		210.06	223.03
	T O T A L	2,423.72	2,200.44
<u>NOTES TO THE ACCOUNTS</u>			
BALANCE SHEET ABSTRACT AND BUSINESS PROFILE	17		
As per our report of even date	18		

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCHEDULES	(₹ in Lacs)	
		31st March, 2011	31st March, 2010
INCOME :			
Sales		11830.98	2304.38
Less : Excise Duty & Education Cess		91.93	95.19
Net Sales		11739.05	2209.19
Other Income	13	13.82	9.35
Increase / (Decrease) in stocks	14	5270.56	363.88
	TOTAL A	17023.43	2582.42
EXPENDITURE :			
Purchases (Net of Excise)		16487.82	2082.84
Manufacturing Expenses	15	38.98	45.92
Administrative, Selling & Other Expenses	16	179.76	211.54
Depreciation	5	50.69	51.04
Interest		170.72	122.16
	TOTAL B	16927.97	2513.50
PROFIT / (LOSS) BEFORE TAXATION	(A-B)	95.46	68.92
Provision for Income Tax (MAT)		18.50	-
Deferred Tax Liabilities		(0.01)	1.60
PROFIT / (LOSS) AFTER TAXATION		76.97	70.52
Amortisation of Bank Interest		(64.00)	(50.00)
Profit/ (Loss) Brought Forward from Previous Year		(223.04)	(243.56)
Balance Loss Carried Over to Balance Sheet		(210.07)	(223.04)
Earnings per Share of ₹10/- each (Basic)		1.10	1.01
Earnings per Share of ₹10/- each (Diluted)		1.10	1.01
NOTES TO THE ACCOUNTS	17		
BALANCE SHEET ABSTRACT AND BUSINESS PROFILE	18		
Schedules referred to above form parts of this Balance Sheet			
As per our report of even date			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	₹ in Lacs	
	<u>31st March,</u> <u>2011</u>	<u>31st March,</u> <u>2010</u>
A. <u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net profit before Tax and Extraordinary items	95.46	68.92
Adjustments for:-		
Depreciation	50.69	51.04
Dividend Received	(0.10)	(0.03)
Interest paid(net)	157.26	113.00
(Profit)/loss on sale of fixed Assets	(0.26)	3.84
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	303.05	236.77
ADJUSTMENTS FOR :		
Trade and Other Receivables (Increased)	70.15	(7.71)
Inventories (Increased)	(5270.56)	(363.88)
Loans & Advances Receivable (Increased)	(83.07)	106.03
Trade Payables Increased	5143.66	230.39
Provisions Increased	19.54	0.14
CASH GENERATED FROM OPERATIONS	182.77	201.74
Interest Paid (Net of Receipt)	(157.26)	(113.00)
IncomeTax paid	(18.50)	0.00
Cash Flow before Extra-Ordinary Items	7.01	88.74
NET CASH FLOW FROM OPERATING ACTIVITIES	7.01	88.74
B. <u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Sale of Investments	-	1.12
Additions to Fixed Assets (Net)	(50.98)	(58.47)
Sale of assets	7.14	2.80
Miscellaneous Income Received	0.00	0.00
Dividend/Other Income Received	0.09	0.03
NET CASH FLOW USED IN INVESTING ACTIVITIES	(43.75)	(54.52)
C. <u>CASH FLOW FROM FINANCING ACTIVITIES :</u>		
Proceeds from Borrowings	23.29	11.00
NET CASH USED IN FINANCING ACTIVITIES	23.29	11.00
D. <u>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(13.45)	45.22
Cash and Cash Equivalents (Opening Balance)	79.57	34.35
Exclusive of Accrued Interest on Bank Deposits		
Cash and Cash Equivalents (Closing Balance)	66.12	79.57
Exclusive of Accrued Interest on Bank Deposits		

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>31.03.2011</u> <u>Amount</u> <u>(₹ in Lacs)</u>	<u>31.03.2010</u> <u>Amount</u> <u>(₹ in Lacs)</u>
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED :		
200,00,000 Equity Shares of ₹10/- each (Previous Year: 125,00,000 Equity Shares of ₹10/- each)	2000.00	1250.00
ISSUED, SUBSCRIBED AND PAID-UP :		
70,10,450 Equity Shares of ₹10/- each fully paid - up Comprising of 11,25,000 equity shares of ₹10/-each issued as fully paid-up pursuant to the order of Hon ^{ble} Calcutta High Court as per the scheme of Merger. (Previous Year 70,10,450 of ₹10/- each fully paid - up)	701.05	701.05
	<u>701.05</u>	<u>701.05</u>
SCHEDULE - 2 : RESERVES & SURPLUS		
Securities Premium Account (Balance B/F from Earlier Year)	194.00	194.00
	<u>194.00</u>	<u>194.00</u>
SCHEDULE - 3 : SECURED LOANS (Vide Note No. B2 of Schedule 17)		
Long Term Loans:		
Term Loan from Scheduled Banks		
State Bank of India (FITL)	51.71	150.62
State Bank of India (WCTL-I)	132.26	317.29
State Bank of India (WCTL-II)	264.26	113.80
Interest Accured and Due	-	8.11
	448.25	589.82
Car Loans from Scheduled Banks	15.27	24.07
Short Term Loans:		
Cash Credit Limits from Scheduled Banks		
State Bank of India(Kolkata)	655.32	528.52
	<u>1118.84</u>	<u>1142.41</u>
SCHEDULE - 4 : UNSECURED LOANS		
From Body Corporates & Others	<u>331.93</u>	<u>85.08</u>
	<u>331.93</u>	<u>85.08</u>

SCHEDULE 5 : FIXED ASSETS

(₹ in Lacs)

Description of Assets	Gross-Block				Depreciation				Net-Block	
	As on 01.04.10	Add during the year	Adjustment/ Sold	Total upto 31.03.11	As on 01.04.10	Add during the year	Adjustment for Sales	Total upto 31.03.11	As on 31.03.11	As on 31.03.10
Factory Land	18.47			18.47					18.47	18.47
Factory Building	252.57			252.57	108.72	8.44		117.16	135.41	143.84
Office Building & Road	29.27			29.27	6.94	0.48		7.42	21.85	22.33
Labour Quarter	3.38			3.38	0.76	0.05		0.81	2.57	2.62
Store Room	1.61			1.61	0.27	0.03		0.30	1.31	1.33
Plant & Machinery	343.67			343.67	103.16	16.32		119.48	224.19	240.51
Chilling Plants	16.20			16.20	8.82	0.77		9.59	6.61	7.38
Boiler	3.06			3.06	0.15	0.14		0.29	2.77	2.91
Paint Roller Machine	0.69			0.69	0.30	0.03		0.33	0.36	0.39
Sewing Machine	0.06			0.06	0.02	0.01		0.03	0.03	0.04
Edge Tape Sewing Machine	3.59			3.59	0.57	0.17		0.74	2.85	3.02
Pillow Moulders	1.33			1.33	0.89	0.06		0.95	0.38	0.45
Drilling Apparatus	0.54			0.54	0.32	0.02		0.34	0.20	0.21
Transformer	1.02			1.02	0.75	0.05		0.80	0.22	0.27
Chemicals Tanks	40.60			40.60	26.56	1.93		28.49	12.11	14.04
Fire Fighting Equipment	3.20			3.20	1.81	0.15		1.96	1.24	1.38
Generator Set	7.71			7.71	5.20	0.36		5.56	2.15	2.51
Packing Equipments	3.36			3.36	0.62	0.16		0.78	2.58	2.74
Laboratory Equipments	5.08			5.08	2.13	0.24		2.37	2.71	2.95
Weighing Machine	2.66			2.66	0.93	0.13		1.06	1.60	1.73
Elect. Installation	45.83			45.83	24.77	2.18		26.95	18.88	21.07
Furniture & Fixture	17.90			17.90	9.78	1.13		10.91	6.99	8.12
Office Equipment	21.69	1.81		23.50	6.02	1.08		7.10	16.40	15.67
Computer	72.29	1.26		73.55	37.98	11.76		49.74	23.81	34.32
Motor Vehicles	53.63		18.30	35.33	19.64	4.99	11.42	13.21	10.70	33.99
Cycles	0.02			0.02	0.01	0.00		0.01	0.01	0.02
TOTAL	949.43	3.07	18.30	934.20	367.12	50.68	11.42	406.38	527.82	582.31
Previous Year	953.54	3.36	7.47	949.43	316.91	51.04	0.83	367.12	582.31	636.63
Capital WIP	92.78	47.91		140.69					140.69	92.78

Schedule 6: Long Term, Non Trade Investment (Valued at cost)

	<u>Face Value (₹)</u>		<u>Qty. (Nos.)</u>		<u>31.03.2011</u>	<u>31.03.2010</u>
	<u>C Yr.</u>	<u>P Yr.</u>	<u>C Yr.</u>	<u>P Yr.</u>	<u>Amount</u>	<u>Amount</u>
					<u>(₹ in Lacs)</u>	<u>(₹ in Lacs)</u>
<u>EQUITY SHARES</u>						
<u>(QUOTED)</u>						
Gujarat Metallic Coal & Coke Ltd.	100	10.00	240	2400	0.09	0.09
Colgate Palmolive Ltd.	1.00	1.00	83	83	0.08	0.08
Gujarat Nre Coke Ltd-Equity share	10.0	10	1,120	1,120	0.08	0.08
Gujarat Nre Coke Ltd.- B.Equity Share (Bonus)	10.0	-	112	-	-	-
Agro Tech Foods Ltd.	10.0	10.00	8	8	0.02	0.02
Golden Tobacco Ltd.	10.0	10.00	540	540	1.26	1.26
The South Indian bank Limited	1.00	10.00	16,750	1,675	1.30	1.30
					2.85	2.85
<u>Mutual Fund (Quoted)</u>						
Morgan Stanley Growth Fund	10.0	10.0	5,500	5,500	0.49	0.49
<u>Others (Unquoted)</u>						
Kaizen Organics Pvt. Ltd.	100	100	10	10	0.01	0.01
Asthavinayak Enterprises Pvt. Ltd	10.0	10	180,000	180,000	45.00	45.00
					45.01	45.01
					0.27	0.27
Gold Coin					48.63	48.63
Aggregate Book Value of Quoted Investments					2.85	2.85
Aggregate Market Value of Quoted Investments (as on 31.03.11)					5.70	5.57
Investments include bonus shares received for which there was no change in the cost of investment.						

SCHEDULE - 7 : INVENTORIES

Valued and Certified by the Management
(Vide Note V of Part A of Schedule 17)

Stock of Raw Materials	580.59	494.90
Stock in Process	134.50	144.28
Stock of Finished Goods (including Coke for resale ₹5220.61in lacs)	5241.58	46.93
	5956.67	686.11

SCHEDULE - 8 : SUNDRY DEBTORS

(Unsecured, Considered Good)

Debts outstanding for a period exceeding six months	27.39	167.93
Other Debts	492.76	422.37
Amount due from Parties in which directors are interested as director 3.14 lacs (maximum amount due at any time during the year 281.64 lacs)		
	520.15	590.30

SCHEDULE - 9 : CASH & BANK BALANCES

	<u>31.03.2011</u> <u>Amount</u> <u>(₹ in Lacs)</u>	<u>31.03.2010</u> <u>Amount</u> <u>(₹ in Lacs)</u>
Cash in hand (Certified by Management)	18.86	10.11
Balance with Scheduled Banks		
In Current Account	7.26	9.46
In Fixed Deposit	40.00	60.00
	<u>66.12</u>	<u>79.57</u>

**SCHEDULE - 10 : LOANS AND ADVANCES
(Unsecured, Considered Good)****Loan & Advances recoverable in cash or in kind
or value to be received or pending adjustment**

i) Advance to Suppliers	15.07	25.62
ii) Security & Other Deposits including Accrued Interest	6.66	6.25
iii) Advance to Staff & others	318.85	333.48
iv) Prepaid Expenses	17.50	22.53
v) Deposit with Govt. Depts. and Authorities.	254.63	136.24
vi) Advance Income Tax & Income Tax Deducted at Source	5.55	11.07
	<u>618.26</u>	<u>535.19</u>

SCHEDULE - 11 : CURRENT LIABILITIES & PROVISIONS**CURRENT LIABILITIES :**

Sundry Creditors	5450.14	398.16
Advances from Customers	302.52	38.26
Other Liabilities	110.06	280.64
Deferred Sales Tax Liabilities	23.72	25.72
	<u>5886.44</u>	<u>742.78</u>

PROVISIONS :

Provision for Income Tax 2010-11(MAT)	18.50	-
Provision for Gratuity	9.99	8.37
Provision for Bonus	2.56	3.14
	<u>31.05</u>	<u>11.51</u>

SCHEDULE - 12 : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Deferment of Interest on Term Loan payable to bank	116.80	116.80
Less: Deferred Revenue Expenditure	64.00	-
	<u>52.80</u>	<u>116.80</u>

SCHEDULE - 13 : OTHER INCOME

Dividend Income	0.10	0.03
Interest Income (TDS ₹ 0.63 Lac, Prev. Year ₹ 0.51Lac)	13.46	9.16
Profit/(Loss) on Sale of Fixed Assets	0.26	(3.84)
Foreign Exchange Gain on payments against Import	-	3.76
Freight	-	0.24
	<u>13.82</u>	<u>9.35</u>

	<u>31.03.2011</u> <u>Amount</u> <u>(₹ in Lacs)</u>	<u>31.03.2010</u> <u>Amount</u> <u>(₹ in Lacs)</u>
SCHEDULE - 14 : INCREASE/(DECREASE) IN STOCKS		
Closing Stock	5956.67	686.11
Less: Opening Stock	686.11	322.23
	<u>5270.56</u>	<u>363.88</u>
SCHEDULE - 15 : MANUFACTURING EXPENSES		
Power & Fuel	8.93	6.97
Factory Wages	11.42	15.45
Lab. Consumables	-	0.08
Repair & Maintenance :		
Plant & Machineries	0.59	2.83
Factory Buildings	1.49	1.66
Water Charges	0.27	0.27
Quilting Charges & Job Work	9.43	11.37
Stitching Charges	6.85	7.29
	<u>38.98</u>	<u>45.92</u>
SCHEDULE - 16 : ADMINISTRATIVE ,SELLING & OTHER EXPENSES		
Administrative Expenses		
Salaries	71.02	63.67
P.F & ESIC	2.63	2.92
Staff Welfare Exp.	1.55	1.44
Printing & Stationery	1.18	3.07
Travelling & Conveyance	14.07	11.30
Rent	0.10	1.75
General Expenses	7.71	6.15
Rates & Taxes	4.00	5.28
Listing fees	2.43	0.31
R0C Fees(Incl.3.75 lacs fees for Increase in Auth Capital)	3.81	0.53
Membership & Subscription	0.12	0.28
Service Charges	0.28	0.79
Professional, Legal & Consultancy Charges	13.47	5.04
Postage & Courier charges	1.82	1.29
Vehicle Running Expenses	5.11	3.07
Insurance Charges	2.51	3.43
Telephone Expenses	3.81	3.40
Internet Expenses	1.24	1.49
Repairs and Maintenance Expenses -Others	2.59	1.77
Audit Fees & Tax Audit Fees	0.30	0.25
Internal Audit Fees	0.20	0.20
Sundry Balance Written off	0.01	0.30
Prior Period Exceptional Item Adjustments	-	59.00
Testing Expenses	0.15	0.22
Security Charges	0.21	1.86
Bank , L/c & other Financial Charges	21.23	6.34
Advertisement	3.65	10.88
Freight Outwards	8.48	6.37
Sales Promotion Expenses	2.86	5.70
Discount & Rate differences	3.22	3.44
	<u>179.76</u>	<u>211.54</u>

SCHEDULE 17:

A. SIGNIFICANT ACCOUNTING POLICIES

- I. **Accounting conventions:** The financial statements are prepared under historical cost conventions. These Statements have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.
- II. **Revenue recognition:** Revenue in respect of sales of finished goods is recognized at the point of dispatch of finished goods to customers. Sales are exclusive of excise duty and sales tax.
- III. **Fixed Assets:** All fixed assets are stated at cost. The cost of fixed assets comprise its purchase price cost of construction and any directly attributable cost in bringing the assets to working conditions for its intended use.
- IV. **Depreciation:** Depreciation is provided on straight-line method on pro-rata basis at the rate prescribed in the schedule XIV of the companies Act, 1956.
- V. **Inventories are valued as follows:**
 - (a) Raw materials, packing materials components and consumables are valued at lower of cost or net realizable value.
 - (b) Finished goods and work in progress are valued at standard cost or realizable value whichever is lower excluding Excise duty.
 - (c) Stock on consignment is valued at lower of cost or realizable value.
- VI. **Investments:** Investments in shares are permanent in nature and hence are valued at cost, unless there is diminution in value which is Permanent in nature.
- VII. **Foreign exchange transactions:** Exchange gain/loss on transaction concluded during the period is recognized as gain or loss on the basis of actual payment made/received. Exchange differences on liabilities arising on purchases from outside India and standing at the year end is charged or credited to the profit & Loss A/c.
- VIII. **Indirect taxes:** Excise duty & Sales Tax on finished goods at factory is accounted for as and when the materials are cleared.
- IX. **Employee's Benefits:**
 - (a) Contributions payable under employees Provident Fund Act 1952 are accounted for on accrual Basis and charged to Profit & Loss account as expenses for the year. It is a defined contribution plan.
 - (b) Provisions for Leave Encashment are made on actuarial valuation, using the projected unit credit method, as at the date of the balance sheet. It is a non funded Defined Benefit Obligation
- X. **Miscellaneous Expenditure:** Preliminary expenses, share/debenture issue expenses and Deferred Revenue Expenditure are amortized over a period decided appropriate by the management, not exceeding ten years.
- XI. **Impairment of assets:** At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. The impairment includes excess of book value over the present value of estimated future cash flows expected to arise from the continuing use of an assets and from the disposal at the end of its useful life. If such an indication exists in carrying amount of the asset, being the higher than the asset's fair value. The excess of the asset's carrying value over its recoverable value is expensed in account.

B. NOTES TO ACCOUNTS

1. Contingent Liabilities not provided for in respect of:-
 - a. Disputed demand from commercial Tax Authority ₹ 1.35 lacs for financial year 2001-02 (Previous year ₹ 1.35 lacs) is under appeal with Deputy Tax Officer, Commercial Taxes Spl-4,Jaipur
 - b. Estimated amount of Contract remaining to be executed on Capital A/C:- Nil (Previous Year Nil)
2. i) Secured loans from State Bank of India as Cash Credit and Term Loan facilities are secured by an equitable mortgage of company's immovable property situated at E 95-96 and G 76 to 78 at RIICO Industrial Area, Bagru, Jaipur, Rajasthan, hypothecation of all movables properties both present and future, and a first charge by way of hypothecation of Stocks of Raw Materials, Stock in Process, Finished Goods , Consumable Stores and Spares and all other Current assets in favour of Bank. Further, entire credit facilities are also secured by way of Fixed deposits of ₹ 40 lacs in favour of Bank. The credit facilities are also guaranteed by Managing Director , and one director of the company.
- ii) Working Capital Term Loan (WCTL I & II) from State Bank of India are being repaid in monthly installments as per repayment schedule of the Bank to be repaid in full within 31-12-2013
- iii) Funded Interest, Term Loan (FITL) from State Bank of India is being repaid in installment as per repayment schedule of the Bank to be repaid in full within 30-06-2011
- iv) Car loans, secured by hypothecation of cars for which loans were obtained from Kotak Mahindra Prime Ltd. & HDFC Bank Ltd, are being repaid in installment to be repaid within 01.07.2012 & 07.09.2011 respectively
3. In the year 2006-07, the existing credit facility has been restructured and was converted into WCTL (Working Capital Term Loan) & FITL (Funded Interest Term Loan). The Deferred Interest as converted into FITL aggregating to ₹ 222.30 Lacs is being amortised over a period of 4 and half years starting from July 2007, based on payments thereon.
4. As per Accounting Standard 15 Related to Employees Benefit following disclosures are given :-
 - (B) The Company regularly considers its Liability (Including post employment benefit) for employees as defined benefit obligation. Provision for gratuity are made on actuarial valuation of the present value of defined benefit obligations made at intervals not exceeding three years. However with a view that the amounts recognised in the financial statement do not differ materially from the amounts that is determined at the balance sheet date, the most recent valuation is reviewed at the balance sheet date and updated to reflect any material transaction and other material changes in circumstances between the date of valuation and balance Sheet date.

<u>Particulars</u>	<u>2010-2011</u>		<u>2009-2010</u>	
	<u>Gratuity Non Funded</u>	<u>Leave Encashment Non Funded</u>	<u>Gratuity Non Funded</u>	<u>Leave Encashment Non Funded</u>
B) Amount recognized in the Profit & Loss Accounts as follows				
1) Current Service cost	1.93	-	1.50	-
2) Interest cost	-	-	-	-
3) Expected return on Plan assets	-	-	-	-
4) Net Actuarial loss/(Gains) on DBO	-	-	-	-
5) Total expenses recognised in the statement of Profit & Loss	1.93	-	1.50	-
C) Reconciliation of opening and closing balance of the present value of the obligation.				
1) Opening DBO	8.36	0.85	7.19	0.85
2) Current service cost.	1.93	-	1.50	-
3) Interest cost.	-	-	-	-
4) Actuarial (gains)/losses.	-	-	-	-
5) Benefit paid.	(0.30)	-	(0.33)	-
Closing Balance DBO	9.99	0.85	8.36	0.85

5. Disclosure of Sundry Creditor under Current Liability in regard to the amounts due to entities covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006). In this respect, company at the time of negotiating the transaction of purchases, required the suppliers to inform whether any suppliers of goods on credit was coming under the provision of the Micro, Small and Medium Enterprises Development Act 2006, but no information in this matter was received from any such Vendors, as a result following information required to be furnished under the provisions of MSMED Act, 2006 could not be furnished.

	<u>31-03-2011</u>	<u>31-03-2010</u>
a) The Principal amount & Interest Due	-	-
b) Interest Paid under MSMED Act, 2006	-	-
c) Interest due other than (b) Above	-	-
d) interest Accrued but unpaid	-	-
e) interest due & payable till actual payment	-	-

6. The company has not received any information from any of its suppliers (Creditors) of their status of being a Small Scale Industrial (SSI) unit. Hence the amount, if any due to any such unit as on date of balance sheet is not ascertainable.
7. As per approval of Remuneration Committee the Managing Director was paid the following remuneration in accordance with Section II of Part II of Schedule XIII of the companies Act, 1956.

	<u>2010-11</u>	<u>2009-10</u>
	<u>(₹ in Lacs)</u>	<u>(₹ in Lacs)</u>
Salary (Basic, HRA & CCA)	6.51	6.51

Following non-executive Directors were paid meeting fees for attending Board Meeting:-

Mr. Rajiv Chamaria	₹3000
Mr. Manish Lohia	₹3000
Mr. Monoj Agarwal	₹1500
	<u>₹7500</u>

8. Additional Information pursuant to the provisions of part II Schedule VI of the Companies Act 1956 to the extent applicable to the company are given as "Annexure to Schedule 17 to this notes on Accounts.
9. No person was employed by the company either throughout the year or for a part of the year under review, whose remuneration for the year in aggregate was not less than ₹ 24 lacs or ₹ 2 lacs per month when employed for any part of the Financial Year.
10. In the current year the company was engaged in manufacturing of P.U. Foam and allied items and trading in coal & coke, the segmentwise compositions according to Accounting Standard 17 of the Companies Accounting Standard rules 2006 as applicable is shown below (entire business affected during this year was within India).

	<u>Manufacturing of</u>		<u>Trading</u>		<u>Total</u>	
	<u>Foam</u>					
	<u>CY</u>	<u>PY</u>	<u>CY</u>	<u>PY</u>	<u>CY</u>	<u>PY</u>
Total Revenue	2290.50	2218.53	9462.36	-	11752.86	2218.53
Operating Profit	215.10	191.08	51.08	-	266.18	191.08
Interest Expenses	170.72	122.16	-	-	170.72	122.16
Provision for Current Tax	14.95	-	3.55	-	18.50	-
Provision for Deferred Tax	(0.01)	(1.60)	-	-	(0.01)	(1.60)
Profit After Tax	29.44	70.52	47.53	-	76.97	70.52
Segment Assets	2339.15	2614.90	5490.56	-	7829.71	2614.90
Segment Liability	834.08	754.29	5083.41	-	5917.49	754.29
Depreciation for the year	50.69	51.04	-	-	50.69	51.04
Capital Expenditure	668.51	675.09	-	-	668.51	675.09

Note: CY- Current Year; PY- Previous Year.

Arvind International Limited

11. Related party disclosures as required by AS 18 of the Companies Accounting Standards rules 2006.

- A. Relationships
Enterprises in which Key Management personnel have significant
i) Influence :
- a) Arvind Coir Foam Private Limited (ACFPL)
 - b) Asthavinayak Enterprises Private Limited.(AEPL)
 - c) Arvind Bajoria (AB)
 - d) Anupama Bajoria (ANB)
 - e) Ramesh Chandra Bajoria (RCB)
 - f) Sharda Bajoria (SB)
 - g) Ruchika Bajoria (RB)
- ii) Key Management Personnel : Sri Arvind Bajoria
Managing Director

B. The following transactions were carried out with the related parties in ordinary course of business :

	<u>ACFPL</u>	<u>AEPL</u>	<u>AB</u>	<u>ANB</u>	<u>RCB</u>	<u>SB</u>	<u>RB</u>
(₹ in Lac)	₹	₹	₹	₹	₹	₹	₹
Sales effected	323.42	222.18	-	-	-	-	-
	(50.93)	(12.90)	-	-	-	-	-
Purchases	162.97	204.49	-	-	-	-	-
	(410.09)	(467.16)	-	-	-	-	-
Receivables	1.99	1.15	-	-	-	-	-
	(Nil)	(Nil)	-	-	-	-	-
Payables	Nil	Nil	1.52	-	-	-	-
	(100.19)	(94.43)	(7.97)	-	(18.00)	(18.40)	-
Loans / Advances	-	-	120.00	50.00	-	-	-
	-	-	-	-	-	-	-

Note: "The figures in bracket is for previous year 2009-10".

12. Deferred Tax Liability as on 31.03.2010 (on basis of WDV of Fixed Assets)

	(₹ in Laacs)	
	<u>Up to 31.03.2011</u>	<u>Up to 31.03.2010</u>
In respect of timing difference on account of Depreciation (unabsorbed)	262.09	252.12
Income Tax at The Current Rate	77.91	77.90
Less: Provisions for Deferred Tax Liability b/f	77.90	79.50
Deferred Tax Liability debited(-)/credited(+)	(-)0.01	(-)1.60

13. Previous year Figures have been regrouped and/or rearranged wherever found necessary

As per our report of even date

Annexure 17(ii) for Year ended 31.03.2011

a) Particulars of Capacity and Production

<u>Description</u>	<u>Unit</u>	<u>Installed Capacity</u>		<u>Actual Production</u>	
		<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>
P.U.Foam	M.T.	4200.00	4200.00	318.13	388.90
Rebonded Foam	M.T.	600.00	600.00	82.90	105.01
Mattress & other Product (includes Coir Mattress, Spring Mattress, P.U. Foam Mattress, Rebonded Mattress, Pillows, etc.)	Pcs			15540.00	140202.00

b) Particular of Stocks and Sales

<u>Description</u>	<u>Unit</u>	<u>Stocks</u>				<u>Sales</u>	
		<u>Opening</u>		<u>Closing</u>		<u>2010-11</u>	<u>2009-10</u>
		<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-10</u>
<u>FINISHED GOODS</u>							
P.U.Foam	M.T.	8.97	13.92	10.83	8.97	316.27	382.05
Rebonded Foam	M.T.	2.53	1.63	2.83	2.53	82.60	104.10
Mattress & other Product	Pcs	1025	969	386	1025	16179	140146
Amount in ₹ Lac		46.93	38.59	20.97	46.93	886.80	1,811.08
<u>WORK IN PROCESS</u>							
P.U.Foam in process	M.T.	73.76	61.95	23.98	73.76	-	-
Rebonded Foam Block & other	M.T,	-	-	27.26	-	-	-
Amount in ₹ Lac		144.28	62.46	134.50	144.28	-	-
<u>OTHERS</u>							
Amount in ₹ Lac			-		-	1389.88	398.10
TOTAL		191.21	101.05	155.46	191.21	2,276.68	2,209.19

c) Particulars of Raw Materials Consumed/Disposed off

<u>Description</u>	<u>Unit</u>	<u>2010-11</u>		<u>2009-10</u>	
		<u>Quantity</u> <u>M.T.</u>	<u>Value</u> <u>₹ in Lac</u>	<u>Quantity</u> <u>M.T.</u>	<u>Value</u> <u>₹ in Lac</u>
Toluene Di Isocynate & Polyol	M.T.	445.84	400.74	363.86	383.04
Misc. Chemicals	M.T.	451.16	139.80	247.94	83.13
Rebonded & Other Foam	M.T.	237.34	159.78	375.97	246.06
Packing Material			24.13		45.70
Bare Sheets	Nos.	-	0.00	113000	736.80
Others			1044.08		314.40
TOTAL			1768.53		1809.12

d) Other Additional Information

	<u>2010-11</u>		<u>2009-10</u>	
	<u>₹ in lacs</u>		<u>₹ in lacs</u>	
i) Expenditure in foreign currency				
Technical knowhow & assistance fee		Nil		Nil
Travelling		0		0.46
ii) CIF Value of Imports				
Raw Materials		0		124.95
Spare Parts		0		0.00
Capital Goods		0		0.00
iii) Earnings in Foreign Exchange		Nil		Nil
iv) Value of imported /indigenous Raw materials and stores & spares consumed				
Imported (out Of opening stock in hand)	4%	66.26	7%	124.95
Indigenous	96%	1702.27	93%	1684.17
TOTAL	100%	1768.53	100%	1809.12
b) Stores and Spares				
Imported	0%	0.00	0%	0.00
Indigenous	0%	0.00	0%	0.00
	0%	0.00	0%	0.00

Notes:

The stock of raw materials as on 31.03.2011 includes stock lying at bonded warehouse of ₹ 21 Lacs.

e) Trading Division

Coke and Coal

	Current Year		Previous Year	
	Quantity (M. T.)	Value (₹ in Lacs)	Quantity (M. T.)	Value (₹ in Lacs)
Opening Stock	-	-	-	-
Purchase	127984	14631.80	-	-
Sales	102354	9462.36	-	-
Closing Stock	25630	5220.61		

2. MATERIAL DEVELOPMENTS

Information as required by GOI, Ministry of Finance Circular No. F.2/5/SE/76 dated 5th February, 1977 as amended further on dated 8th March, 1977 and in accordance with sub-item (B) of item X of Part E of SEBI (ICDR) Regulations, the information required to be disclosed for the period between the last date of the Balance Sheet and Profit and Loss Account sent to the shareholders and up to the end of the last but one month preceding the date of the Letter of Offer is given below:

1 Working results of the Company (Standalone) for the period from April 1, 2011 to May 31, 2011.

Particulars	Amount (₹ in Lacs)
Sales/ Turnover	2282.26
Other Income	0.05
Gross Profit (excluding depreciation and taxes)	50.09
Provision for Depreciation	8.00
Provision for Taxation	8.00
Profit/ (Loss) for the period	34.09

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

There are no material changes and commitments, which are likely to effect the financial position of the Company since 31st March, 2010.

3. STOCK MARKET DATA:

The existing Equity Shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and Calcutta Stock Exchange Limited (CSE). The Equity Shares of the Company has been delisted from Ahmedabad Stock Exchange Limited (ASE) on 31st March 2011. As on the date of this Letter of Offer there is no trading of Equity shares of the Company on CSE since 07.10.2004. On 28.01.2011, the closing price of Equity Shares of the Company on BSE was ₹ 17.35 (Equity Shares of face value of ₹10 each). 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:

The week end prices of the Equity Shares of the Company on the BSE in the last four weeks together with the high and low prices are set out below:

Week ending	High		Volume on date of high	Low		Volume on date of low	Closing Price for the week
	₹	Date		₹	Date		
24.06.11	11.50	20.06.11	18,623	9.70	23.06.11	6,884	10.33
17.06.11	12.19	14.06.11	49,089	10.60	16.06.11	21,786	11.37
10.06.11	11.95	07.06.11	13,514	10.86	10.06.11	54,688	11.50
03.06.11	11.73	02.06.11	26,672	10.30	30.05.11	11,683	11.04

Source: www.bseindia.com

The high and low prices of the Equity Shares of the Company recorded on BSE for the preceding three years are stated below:

Year ended 31st Dec	High		Volume on date of high	Low		Volume on date of low	Average Closing Price for the year
	Date	₹		Date	₹		
2010	11-Nov	41.85	1095386	22-June	6.50	1900	24.18
2009	23-Oct	16.22	112713	6-Apr	3.86	301	10.04
2008	2-Jan	18.45	20710	28-Mar	5.51	6000	11.98

Source: www.bseindia.com

The high and low prices of the Equity Shares of the Company recorded on BSE for the six months preceding the date of filing of the Letter of Offer are stated below:

Month	High		Volume on date of high	Low		Volume on date of low
	Date	₹		Date	₹	
December	02.12.10	32.65	72,535	16.12.10	20.45	8,10,468
January	05.01.11	23.95	1,05,099	31.01.11	16.25	25,645
February	01.02.11	15.20	61,175	25.02.11	10.65	16,505
March	10.03.11	15.39	1,08,515	29.03.11	10.12	1,33,520
April	13.04.11	13.52	27,575	01.04.11	11.19	36,963
May	20.05.11	11.25	28,150	18.05.11	9.85	50,649

Source: www.bseindia.com

4. SIGNIFICANT ACCOUNTING AND OTHER RATIOS

The following table presents certain accounting and other ratios derived from the Company's audited financial statements for the year ended 31st March, 2010 and 31st March, 2011 included in "Financial Information" on page 69 of this Letter of Offer.

Particulars	For the Financial Year Ended	
	31 st March, 2011	31 st March, 2010
Earnings Per Share (₹)		
- Basic Earnings Per Share (₹)	1.10	1.01

Arvind International Limited

- Diluted Earnings Per Share (₹)	1.10	1.01
Return on Net Worth (%)	12.18	12.70
Net Asset value Per Share (₹)	9.02	7.92
Weighted average number of equity shares for Basic Earnings Per Share	70,10,450	70,10,450
Weighted average number of equity shares for Diluted Earnings Per Share	70,10,450	70,10,450

The Ratios have been computed as below:

Earnings Per Share (Basic) (₹)	$\frac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Weighted Average number of Equity Shares outstanding during the year}}$
Earnings Per Share (Diluted) (₹)	$\frac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Weighted Average number of Diluted Equity Shares outstanding during the year}}$
Return on Net worth (%)	$\frac{\text{Net profit attributable to Equity Shareholders (excluding extraordinary items, if any)}}{\text{Net Worth at the end of the year (Excluding revaluation reserves)}}$
Net Asset Value per Share	$\frac{\text{Net Worth at the end of the year (excluding revaluation reserves)}}{\text{Weighted Average number of Equity Shares outstanding during the year}}$

CAPITALISATION STATEMENT

Particulars	(₹ in Lacs)			
	2009	2010	2011	As Adjusted Post Issue
Debts:				
Short Term Debt	322.35	613.58	655.32	655.32
Long Term Debt	894.13	613.89	463.52	463.52
Total Debt	1216.48	1227.47	1118.84	1118.84
Shareholders Fund:				
Share Capital	701.05	701.05	701.05	1542.30
Reserve & Surplus (excluding revaluation reserve)	194.00	194.00	194.00	488.44
Less: Debit balance in Profit & Loss Account	243.56	223.03	210.06	210.06
Total Shareholders Fund	651.49	672.02	684.99	1820.68
Net Worth	484.69	555.22	632.19	1767.88
Long Term Debt / Equity Ratio	1.37	0.91	0.68	0.25
Total Debt / Equity Ratio	1.87	1.83	1.63	0.61

The Ratios have been computed as below:

Long Term Debt / Equity Ratio	Long Term Debt / Equity (i.e. Equity Share Capital + Reserves & Surplus)
Total Debt / Equity Ratio	(Short Term Debt + Long Term Debt) / Equity (i.e. Equity Share Capital + Reserves & Surplus)

The Issue Price of ₹ 13.50/- per share has been arrived at in consultation between the Issuer Company and the Lead Manager

SECTION – VII. LEGAL & OTHER INFORMATION

1. OUTSTANDING LITIGATIONS & DEFAULTS:

Except as described below, there are no outstanding litigations, suits or civil proceedings, or criminal proceedings, or prosecutions or tax liabilities, irrespective of whether specified in Schedule XIII of the Act, against the Company or the subsidiaries, and there are no defaults, non-payment or overdues of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues payable to holders of any debentures, bonds and fixed deposits defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ and other offences (including past cases where penalty may or may not have been awarded) that would result in a material adverse effect on the business. None of the aforesaid persons/ companies is on RBI's list of willful defaulters. No disciplinary action has been taken by the SEBI/ Stock Exchanges against the Company, Directors of the Company and Promoters.

1. OUTSTANDING LITIGATION AND DEFAULTS**I. Pending matters which, if they result in adverse outcome, would materially and adversely affect the operations of the financial position of the Company.**

NIL

II. Matters which are pending or which have arisen in the immediately preceding ten years involving:**i. Issues of moral turpitude or criminal liability on the part of the Company**

NIL

ii. Material violation of statutory regulations by the Company

NIL

iii. Economic Offences, where proceedings have been initiated against the Company

NIL

III. Other Litigations:**A. Litigations Involving Issuer Company****1) Litigations against the Company****a) Excise matters:**

Sl. No.	1
Department	Excise Department
Case No.	SCN No. V (39 and 94)15/off/157/2009/390 dated 11.05.2009
Date Instituted	05.07.2010
Background	Excise duty demanded by the department on finished goods of ₹ 345750/-, on WIP 15,66,597 /- and ₹ 2016045/- on capital goods destroyed in fire on 12/05/2008 and later on cleared as waste and scrap. AIL filed appeal against the demand on 05.07.2010.
Present Status	Pending with Additional Commissioner, Commissionerate, Jaipur – 1
Amount/Involved	₹ 3928392/- Plus interest on this amount as well as penalty of equal amount.

b) Central Sales tax & VAT matters:

Sl. No.	1
Department	Sales Tax
Case No.	Additional Commissioner
Date Instituted	18.12.1999

Background	Appeal by AIL on 29.10.2005 against the order of Additional Commissioner passed on 16.10.1999 under section 9 of the CST Act 1956, for the year 1997-98.
Present Status	Matter Pending with Additional Commissioner Sales Tax (Appeal)
Amount involved	₹1,35,000/-

c) Other Litigations:

I. Civil Cases:

Sl. No.	1
Department	Company, High Court, Calcutta
Case No.	C.P. No.64 of 2010
Date Instituted	27.02.2010
Background	Winding up petition filed in the High court by Manali Petrochemicals Limited against AIL w.r.t. the amount due for payment for the goods supplied. High Court ordered AIL to make the payment on instalment basis, commencing from 30.09.2010.
Present Status	Order passed by the High Court, Calcutta on 7 th September, 2010.
Amount involved	₹1,17,96,758/- (inclusive of interest).

Sl. No.	2
Department	Bankshall Court, Kolkata
Case No.	C/55879/2009
Date Instituted	19 th November 2009
Background	Petition filed by Mr. Anil Poddar on 19.11.2009 against AIL for violation of Sections 196, 301, 372A and 163 of the Companies Act.
Present Status	Matter is under process.
Amount involved	Nil

II. Cases under Labour Laws:

Sl. No.	1
Department	Labour Court (Rajasthan, Jaipur)
Case No.	PW-7/08
Date Instituted	22.07.2006
Background	Appellants, Mr. Jugal Kishore Verma & Others filed petition in the Labour Court of Rajasthan, Jaipur for the overtime wages. Labour Court ordered AIL to pay overtime wages & penalty. AIL filed revision application on 16-11.2006
Present Status	Matter under process
Amount involved	₹ 5,13,398/-

Sl. No.	2
Department	Labour Court
Case No.	PW-55/06
Date Instituted	22.07.2006
Background	Appellant, Mr. Kana Ram Gurjar (worker) filed petition in the Labour Court of Rajasthan, Jaipur against under wages during the period-15-12-2005 to 07-06-2006. Labour Court ordered AIL to pay wages for the period. AIL filed revision application on 22.11.2006.
Present Status	Matter under process
Amount involved	₹ 3,27,200/-

Sl. No.	3
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Department	Labour Court, (Rajasthan, Jaipur)
Case No.	ITR 1/2003 - 33(2) /B U/s 33/2/13 of Industrial dispute act 1947
Date Instituted	30.10.2006
Background	Appellant, Mr. Om Prakash Sharma (worker) was discharged from service for Alleged Misconduct. The worker moved to the Labour Court against such action.
Present Status	Matter pending with Labour Court
Amount involved	NIL

Sl. No.	4
Department	Labour Court
Case No.	LCR-73/04
Date Instituted	15.01.2007
Background	Case filed by Mr. Pawan Kumar Sharma (worker) against his transfer to sister concern of AIL and subsequently dismissing him from the said job.
Present Status	Matter pending with Labour Court
Amount involved	AIL made a payment of ₹ 29,753/- in full and final settlement by cheque no. 473465 dated 11.07.2009. He has encashed the cheque but the case is still pending.

Sl. No.	5
Department	Labour Court
Case No.	MW-11/08
Date Instituted	27.08.2008
Background	Department ordered AIL for the Payment of Minimum Wages as per the Minimum Wages Act, as assessed by the Department. Company went for Appeal against the order on 06.03.2009
Present Status	Matter pending with Labour Court.
Amount involved	₹10,98,400/-

Sl. No.	6
Department	Labour Court
Case No.	MW-6/07
Date Instituted	19.05.2007
Background	Payment of Overtime for the period 01.02.2007 to 07.04. 2007, demanded by few workers and filed application in the Labour Court of Rajasthan, Jaipur. Labour Court ordered AIL to pay overtime wages for the said period. AIL filed revision application on 14.07.2007.
Present Status	Matter pending with Labour Court
Amount involved	₹ 851/-

Sl. No.	7
Department	Labour Court
Case No.	MW-7/07
Date Instituted	01.06.2007
Background	Payment of Overtime for the period 22.04.01 to 09.05.07, demanded by few workers and filed application in the Labour Court of Rajasthan, Jaipur. Labour Court ordered AIL to pay overtime wages for the said period. AIL filed revision application on 04.07.2007.
Present Status	Matter pending with Labour Court
Amount involved	₹ 1,85,665/-

2) Details of cases filed by the Company

I. Cases Under Insurance Claims

Sl. No.	1
Department	State Consumer Disputes Redressal Commission-Rajasthan
Case No.	57/2010
Date Instituted	14.07.2010
Background	The fire broke out in the Unit no.-II of AIL on 12.05.2008. Total amount of insurance claimed with respect to loss of stock was ₹ 65 Lacs. Complained U/s-12 & 13 read with Sec-17 of consumer protection 1986 against National Insurance Company Limited, Jaipur for less settlement of Claim by the Insurance Company to the tune of ₹ 1321026 + Interest ₹ 17,58,326 .As total loss claimed was ₹ 65 lacs as per fire policy. Insurance Company paid ₹ 51,78,974/-
Present Status	Pending with Hon'ble State Consumer Disputes Redressal Commission-Rajasthan
Amount involved	₹13,21,026+ interest ₹17,58,326 = ₹ 30,79,352

B. Litigations Involving the Promoters/ Directors

1) Litigations by the Promoters/Directors of the Company

Mr. Rajiv Chamaria :

Sl. No.	1
Department	Housing Department, State of West Bengal
Case No.	5238 of 1988
Date Instituted	17/11/88
Background	During the year 1980, the Govt. Of West Bengal has sanctioned ₹ 2,50,000/- as non-recurring loan and ₹ 1,87,500/- as subsidy under the Plantation Labour Housing Scheme Rules,1958 to construct 100 Labour Quarters at the Tasati Tea Estate in the District of Jalpaiguri owned by Tasati Tea Ltd. Accordingly the Company has spend ₹ 15,84,901/- and completed the above construction. The Govt of West Bengal also issued the Loan amount of. ₹2.50 lacs in two instalments but failed to disburse the subsidy amount which was a part and parcel of the subsidy scheme. Mr. Chamaria has thus instituted the above case by way of a writ petition praying for the subsidy amount and restraining the Govt from realising the instalments of loan account until the subsidy is received.
Present Status	Under Jurisdiction
Amount involved	2.50 Lacs

C. Details of past penalties imposed on the Company or any of its Promoters/ Directors:

Nil.

D. Litigations Involving the Subsidiary Companies

The Company has no Subsidiary.

E. Litigations Involving the Group / Associate Companies

Cases filed against the Companies:

1. Arvind Chemicals Limited :

(a) Excise matters:

Sl. No.	1
Department	Excise Department
Case No.	SCN no. V(39)15/ off/189/2009 2597-99 dated 18.11.09
Date Instituted	18/11/2009
Background	For demand of duty on capital goods destroyed in fire on 22/09/2008 and later on cleared as waste and scrap.
Present Status	Pending with Additional Commissioner, Commissionerate Jaipur-I
Amount involved	Duty of ₹ 19,91,030/- Plus interest on this amount and penalty equal to this amount

(b) Income Tax Cases

Sl. No.	1
Department	CIT (Appeals) I –KOLKATA
Case No.	25/CIT(A)-I/C-(2)/2009-10
Date Instituted	09/04/2009
Background	Appeal Filed on 09/04/2009 against order of DCIT, Circle-2, Kolkata dated 30/12/08 for FY-2005-06
Present Status	Hearing completed, waiting for Assessment order.
Amount involved	₹ 2,63,000/-

Sl. No.	2
Department	Commissioner of Income Tax(Appeal) I Kolkata
Case No.	Nil
Date Instituted	FY 2004-2005
Background	Appeal filed with CIT(Appeals)-I, Kolkata against Penalty Order U/s 27(1)C dated 19/06/2008, Passed by the ITO. Ward 2(1). Kolkata for FY 2004-2005
Present Status	Pending with Commissioner of IT-Kolkata for Hearing
Amount involved	₹ 7,000/-

(c) Other Litigations:

I. Civil Cases

Sl. No.	1
Department	Company, High Court, Calcutta.
Case No.	C.S No. 66 of 2010
Date Instituted	27/02/2010.
Background	Winding up petition filed in the High court by Manali Petrochemicals Limited against ACL w.r.t. the amount due for payment for the goods supplied. High court ordered ACL to make the payment on instalment basis, commencing from 30.09.2010.
Present Status	Order passed by the High Court, Calcutta on 7th September, 2010.
Amount involved	₹ 44,24,419/-

Sl. No.	2
Department	Bankshall Court, Kolkata
Case No.	C/55503/2009
Date Instituted	20th April 2009
Background	Petition filed by Mr. Anil Poddar on 20.04.2010 against ACL for violation of Sections 196, 301, 372A and 163 & 629A of the Companies Act.
Present Status	Matter is under process.
Amount involved	Nil

2. GOVERNMENT & OTHER APPROVALS

The Company has received the necessary consents, licenses, permissions and approvals from the GOI and various governmental agencies required for the present business (as applicable on date of this Letter of Offer) and except as mentioned below, no further approvals are required for carrying on the existing business and expansion plans. It must be distinctly understood that, in granting these approvals, the GOI does not take any responsibility for the Company financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

In view of the approvals already obtained, the Company can undertake this Issue and the current/ proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue the business activities, except the pending approvals mentioned below. Unless otherwise stated, these approvals are all valid as of the date of this Letter of Offer.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various central and state laws for carrying out its business.

I. Approvals involving Incorporation

- a) Certificate of Incorporation bearing No. L24111WB1991PLC051709 (Corporate Identification Number) dated 10th May, 1991 issued by the Registrar of Companies, West Bengal.
- b) Fresh Certificate of Incorporation dated 10th August, 1994 consequent to the change in the corporate status of the Company from Private to Public Limited Company and change of name from M/s Arvind International Private Limited to M/s Arvind International Limited.

II. Approvals related to the Issue

- a) Pursuant to the resolutions passed by the Board of Directors under section 81(1) of the Companies Act, 1956 at the meeting held on November 9, 2010, the Board of Directors have approved the Issue and allotment of Right Equity Shares to the Eligible Equity Shareholders of the Company, with a right to renounce.
- b) Pursuant to the shareholders' resolution passed through Postal Ballot and results of which was declared in the EGM of members held on December 30, 2010, the shareholders have approved the Issue and allotment of Right Equity Shares to the Eligible Equity Shareholders of the Company, with a right to renounce.
- c) In-principle approval from the Bombay Stock Exchange of India Limited dated 24th February, 2011.

III. Approvals obtained by the Company:

The Company requires various approvals to carry on its business in India. The approvals required by the Company include the following:

Sl. No.	Name of Registration	License/ Registration Number and Date	Validity of the License/ Registration Number	Name of Issuing Authority/ Department
1.	CIN	L24111WB1991PLC051709	N.A	Ministry of Corporate Affaires
2.	Company's Pan No.	AACCA3899E	N.A	Commissioner Income Tax Of India
3.	Company's Tan No.	CALAO3166C	N.A	Commissioner Income Tax Of India
4.	Employees Provident Fund	RJ/8568	N.A	Regional PF Office
5.	Registration and License to Work a Factory/Factory License	RJ/21418/28358	31.03.2016	Chief Inspector of Factories & Boilers
6.	Central Excise Registration Certificate	AACCA3899EXM001	N.A	Superintendent of Central Excise Office.
7.	Value Added Tax	08332100712	N.A	Commercial Tax of

Arvind International Limited

				officer- Rajasthan Sales Tax
8.	Service Tax Registration Under Excise	AACCA3899EST002	N.A	Department of Central Excise
9.	CST No.	1421/00719 dt. 06.04.1993	N.A	Rajasthan Sales Tax
10.	Registration with Pollution Control Board	F(HSW)/ Jaipur (Jaipur)/66(1)2010-2011(4350-4353)	03.05.2015	Rajasthan State Pollution Control Board
11.	Import-Export Code	0294016236	N.A	Foreign Trade development officer- Ministry Of Commerce
12.	SIA Registration Certificate	1096/SIA/IMO/2006 DT. 06.03.2006	N.A	Ministry Of Commerce & Industry
13.	Industrial Entrepreneur's Memorandum	08/033/12/00026	N.A	Ministry of Industries
14.	ISI- 7933:1975	CM/L-8288896	N.A	Bureau of Indian Standard
15.	ISO-9001:2000	00776-2003-AQ-NDE-RVA	N.A	International Certificates Limited
16.	ESI	15/17265/24	N.A	Employees State Insurance Corporation

Approvals applied for but pending:

Nil.

Approvals / Licenses / Permits not applied for:

Nil.

3. MATERIAL DEVELOPMENT

In the opinion of the Board, there have not arisen since the date of the last financial statements disclosed in this Letter of Offer, any circumstances that materially or adversely affect or are likely to affect Company's profitability taken as a whole or the value of the consolidated assets or the ability to pay the material liabilities within the next 12 months otherwise than as disclosed in this Letter of Offer.

SECTION – VIII. OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority to the Issue

The Issue is being made pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on November 09, 2010 and approved by the shareholders' resolution passed through Postal Ballot and results of which was declared in the EGM of members held on December 30 2010. The Board of Directors determined the Rights Issue price at ₹ 13.50/- per Equity Share and a rights entitlement of 6 Equity Shares for every 5 fully paid-up Equity Shares held on the Record Date, i.e. on 2nd August, 2011.

Consent of Lenders

The agreements in respect of some of the debt taken by the Company contain certain covenants inter-alia for altering the Company's Share Capital and for the Company's expansions and diversification plans, including the capital expenditure proposed to be funded out of the proceeds of this Rights Issue. The Company has obtained these consents from its lenders, where required.

Prohibition by SEBI, RBI or Governmental Authorities

The Company, its Promoters or members of the Promoter Group, Directors or person(s) in control of the Company, Company Associates or Group Companies with which the Directors of the Company are associated, as Directors or Promoters have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. None of the Directors of the Company are associated with the securities market in any manner.

Neither the Company, nor the Promoters, Promoter Group Companies, the relatives of Promoters, have been declared as willful defaulters by the RBI or any other governmental authority and there have been no violations of securities laws committed by any of them in the past and no such proceedings are currently pending against them except as provided under the section titled "Legal & Other Information" beginning on page 89 of this Letter of Offer.

Compliance with Part E of Schedule VIII of SEBI (ICDR) Regulations.

The Company is in compliance with the provisions of Part E of Schedule VIII of SEBI (ICDR) Regulations, 2009.

Eligibility of the Issue

The Company is an existing Company registered under the Companies Act, whose Equity Shares is listed on BSE and CSE. The Equity Shares of the Company has been delisted from Ahmedabad Stock Exchange Limited (ASE) on 31st March 2011. The Company is eligible to offer this Rights Issue in terms of Chapter IV of the SEBI (ICDR) Regulations, 2009. It satisfies the following conditions:

- a. The Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Letter of Offer with the designated stock exchanges.
- b. The reports, statements and information referred to sub-clause (a) above are available on the website of BSE, the recognized stock exchange with nationwide trading terminals.
- c. The Company has investor grievance – handling mechanism which includes meeting of the Shareholder's or Investor's Grievance Committee at frequent intervals, appropriate delegation of power by the Board of Directors of the Company as regards share transfer and have clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

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

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT 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 SUMEDHA FISCAL SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 31.01.2011 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID RIGHTS ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
 - a) THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES & EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION

SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. – NOT APPLICABLE

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUES OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES & EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION:- NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
 - a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND
 - b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO THE ADVERTISEMENT IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

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, SUMEDHA FISCAL SERVICES LIMITED ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

DISCLAIMER

The Company and the Lead Manager to the issue accept 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.

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

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 Kolkata, India only.

The distribution of this Letter of Offer and the offering of the securities on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Equity Shares on a rights basis to the Shareholders of the Company and will dispatch the Letter of Offer and CAFs to Shareholders who have provided the Indian address.

No action has been, or will be taken to permit an offering of these securities in any jurisdiction where action would be required for that purpose, except that the Letter of Offer 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 Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Letter of Offer, 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 contained herein is correct as of any time subsequent to this date.

UNITED STATES RESTRICTIONS

NEITHER THE RIGHTS ENTITLEMENTS NOR THE EQUITY SHARES THAT MAY BE PURCHASED PURSUANT THERETO HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "UNITED STATES" OR THE "U.S.") OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, "US PERSONS" (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("REGULATIONS")), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SHARES OR RIGHTS. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. NEITHER OUR COMPANY NOR ANY PERSON ACTING ON BEHALF OF THE COMPANY WILL ACCEPT SUBSCRIPTIONS FROM ANY PERSON, OR THE AGENT OF ANY PERSON, WHO APPEARS TO BE, OR WHO THE COMPANY OR ANY PERSON ACTING ON BEHALF OF THE COMPANY HAS REASON TO BELIEVE IS, A RESIDENT OF THE UNITED STATES AND TO WHOM AN OFFER, IF MADE, WOULD RESULT IN REQUIRING REGISTRATION OF THIS LETTER OF OFFER WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

DISCLAIMER CLAUSE OF THE BSE

Bombay Stock Exchange Limited ("BSE") has given vide its letter ref. no. DCS/PREF/SI/IP-RT/1080/10-11 dated 24th February, 2011 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges 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 this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed 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 has been filed with SEBI Eastern Regional Office, 3rd Floor, L & T Chambers, 16 Camac Street, Kolkata - 700 017 to give its observations and a copy has been filed with the Stock Exchanges as per the requirement under Regulation 6(4) of the SEBI (ICDR) Regulations. All the legal requirements applicable till the date of filing this Letter of Offer with the Stock Exchanges have been complied with.

DESIGNATED STOCK EXCHANGE

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

IMPERSONATION

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or 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”

LISTING

The existing Equity Shares is listed on BSE (Designated Stock Exchange). The Company has made application to BSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of this Letter of Offer. The Company has received in-principle approval from BSE vide letter dated 24th February, 2011.

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchange mentioned above, 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 8 days after the Company becomes liable to repay it, then the Issuer will pay interest for the delayed period, at rates prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act, 1956.

CONSENTS

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

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

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

EXPERT OPINION

The following expert opinion has been included in this Letter of Offer:

- Audit report for the year ended 31st March, 2011, received from the Statutory Auditor, N.C. Banerjee & Co., Chartered Accountants, dated 20th May, 2011.
- Statement of Tax Benefits given by the Statutory Auditor, N.C. Banerjee & Co., Chartered Accountants, dated 3rd June, 2011.

EXPENSES TO THE ISSUE

The expenses to this Rights Issue payable by the Company including Lead Manager’s fees, fee payable to Auditors, Legal Counsel, Registrar to the Issue, printing and distribution expenses, publicity, listing fees, stamp duty and other miscellaneous expenses will not exceed ₹ 34.50 Lacs and will be met out of the proceeds of the Rights Issue.

Sl. No.	Particulars	Amount (₹ Lacs)	% of Total Issue Expense	% of Total Issue Size
1.	Fees of Lead Manager, Registrar, Legal Advisor, Auditors, Tax Auditors, etc.	14.00	40.58	1.23
2.	Printing & Stationery, Distribution, Postage etc.	6.00	17.39	0.53
3.	Advertisement & Marketing Expenses	6.00	17.39	0.53
4.	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	5.00	14.49	0.43
5.	Contingencies	3.50	10.15	0.66
	TOTAL	34.50	100.00	3.04

Investor Grievances and Redressal System

The Company has constituted the Shareholders / Investor Grievance to specifically look into the redressal of investor's complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends etc. The Committee consists of three Directors, Mr. Rajiv Chamaria (Chairman), Mr. Suvabrata Ganguly (Member) and Mrs. Anupama Bajoria (Member). Mr. Rajiv Chamaria is an Independent & Non Executive Director, and Mrs. Anupama Bajoria is a Promoter & Non Executive Director of the Company.

The Committee looks into the matter relating to redressal of shareholders and investors complaints including but not limited to transfer of shares and issue of duplicate share certificates, non-receipt of annual report, dividend warrants and non-receipt of declared dividends etc. The redressal norm for response time for all correspondence including shareholders complaints is 7 days. Ms. Neha Chaudhary, Company Secretary has been appointed as Secretary of the Committee and is designated as Compliance Officer of the Company. The Committee has delegated the authority to approve the requests for transfers/ transmission, split and remat/ demat of shares to the Company Secretary. The Committee reviews the transfer/ demat/ remat approved by the Company Secretary and take note thereof in their subsequent meeting.

Status of Complaints:

Number of Shareholders complaints as of 31st March, 2010	06
Total number of complaints received during 01.04.2010 to 31.03.2011	06
Total number of complaints resolved during 01.04.2010 to 31.03.2011	12
Outstanding number of complaints	NIL
Time normally taken by it for disposal of various types of investors grievances	7 days

Details of Investor complaints as on the date of filing Letter of Offer with SEBI:

Nil.

Investor Grievances arising out of this Issue

The investor grievances arising out of the Issue will be handled by Ms. Neha Chaudhary, Company Secretary & Compliance Officer and Niche Technologies Pvt. Ltd., Registrar to the Issue. The registrar will have a separate team of personnel handling only the post issue correspondence. All grievances relating to the Issue may be addressed to the Registrars to the Issue giving full details such as folio no., DP and Client ID, name and address, contact telephone / cell numbers, email-id of the first Investors, 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 details of the Renouncees should be furnished. The average time taken by the Registrar for attending to routine grievances will be 10 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Investors may contact the Company Secretary & Compliance Officer in case of any pre-issue/ post - issue related problems such as non-receipt of letters of allotment/share certificates/demat credit/refund orders etc. at:

Ms. Neha Chaudhary
15, Ganesh Chandra Avenue 2nd Floor,
Kolkata - 700 013, West Bengal
Ph No.: 033-32573873
Fax No.: 033-22118014
Email: neha@arvindinternational.com

Changes in the Auditors during the last three years

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

Capitalisation of Reserves or Profits

The Company has not capitalized any of its reserves or profits for the last five years.

Revaluation of Assets

There is no revaluation of assets, by the Company during the last five years.

Issue Schedule

Issue Opening Date	11th August, 2011
Last date for receiving request for split forms	22nd August, 2011
Issue Closing Date	26th August, 2011

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Allotment Letters / Refund Orders

The Company will issue and dispatch letters of allotment/ share certificates/ demat credit or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the refund to be made within 15 days of the Issue Closing Date. If such money is not repaid within 8 days, after the Company becomes liable to repay it, then the Issuer will pay interest for the delayed period, at rates prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act, 1956.

Letters of allotment/ share certificates/ demat credit/ refund orders will be dispatched by registered post/ speed post to the sole/ first applicant's registered address. Such cheques or pay orders will be payable at par at all the centers where the applications were originally accepted and will be marked 'A/c payee' and would be drawn in the name of the sole/ first applicant. Adequate funds would be made available to the Registrar to the Issue for dispatch of the letters of allotment/ share certificates/ demat credit/ refund orders.

In case the Company issues letters of allotment, the corresponding share 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 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the share certificates.

Option to Subscribe

Other than the present rights Issue, the Company has not given any person any option to subscribe to the Equity Shares of the Company. The Equity Shareholders are given the option to receive the share certificates in physical form or hold shares in dematerialised form with a depository. (Refer the "Terms of Issue" on page 106 of this Letter of Offer for details)

Important

- (a) This Issue is authorized pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on November 09, 2010 and approved by the shareholders' resolution passed through Postal Ballot and results of which was declared in the EGM of members held on December 30, 2010.
- (b) 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 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, i.e., 2nd August, 2011 fixed in consultation with the Stock Exchanges.
- (c) We will arrange to dispatch the Letter of Offer and Composite Application Form ("CAF") by post to such Equity Shareholders in India.
- (d) Your attention is drawn to the section entitled "Risk Factors" appearing on page 11 of this Letter of Offer.

- (e) Please ensure that you have received the Composite Application Form (“CAF”) with this Letter of Offer.
- (f) Please read the Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAF. The instruction contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.
- (g) All enquiries in connection with this Letter of Offer or CAF should be addressed to the Registrar to the Issue, quoting the Registered Folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAF.
- (h) All information shall be made available to the Investors by the Lead Managers and the Issuer, and no selective or additional information would be available by them for any section of the Investors in any manner whatsoever including at road shows, presentations, research or sales reports, etc.
- (i) The Lead Managers and the Issuer shall update this Letter of Offer and keep the public informed of any material changes till the listing and trading commences.

SECTION – IX. ISSUE INFORMATION

1. TERMS OF THE ISSUE

The Equity Shares, now being issued, are subject to the terms and conditions of the Letter of Offer, the enclosed CAF, the Memorandum of Association and Articles of Association of the Company, the approvals from the GoI, FIPB and RBI, if applicable, the provisions of the Act, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and listing of securities issued by GoI and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or share certificate and rules as may be applicable and introduced from time to time.

Authority for the Issue

The Issue is being made pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on November 09, 2010 and approved by the shareholders' resolution passed through Postal Ballot and results of which was declared in the EGM of members held on December 30, 2010. The Board of Directors determined the Rights Issue price at ₹ 13.50/- per equity share and a rights entitlement of 6 Equity Shares for every 5 Fully paid-up Equity Shares held on the Record Date, i.e. on 2nd August, 2011.

Basis for the Issue

The equity shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories 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 i.e. 2nd August, 2011, fixed in consultation with the Designated Stock Exchange.

Ranking of the Equity Shares

The Equity Shares issued and allotted on a Rights Basis as a part of this Issue 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.

Mode of payment of Dividend

The Company shall pay dividend to the shareholders as per the provisions of the Companies Act.

Rights Entitlement

As the name of the Investors appears as beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of the Company as on 2nd August, 2011 i.e. the Record Date. Investors are entitled to the number of Equity Shares as set out in Block I of Part A of the enclosed CAF.

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 6 Equity Shares for every 5 Equity Shares held on the Record Date. Only upon receipt of the aforesaid details, Rights Entitlement of the claimants shall be determined.

PRINCIPAL TERMS OF THE ISSUE

Face Value

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

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ 13.50/- for cash (including a premium of ₹ 3.50/-). The Issue Price has been arrived in consultation between the Company and the Lead Manager.

Terms of Payment

The full amount of ₹ 13.50/- per share is payable on application.

The payment towards the Equity Shares offered will be applied as under:

- ₹ 10/- per Equity Share towards Share Capital
- ₹ 3.50/- per Equity Share towards Securities Premium Account

Where an applicant has applied for additional equity shares and is allotted lesser number of equity shares than applied for, the excess application money paid shall be refunded. The monies would be refunded within 15 days from the closure of the Issue, and if there is a delay beyond 8 days, after the Company becomes liable to repay it, then the Issuer will pay interest for the delayed period, at rates prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act, 1956.

Entitlement Ratio

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 6 Equity Shares for every 5 Equity Shares held on the Record Date i.e. 2nd August, 2011.

For Equity Shareholders wishing to apply through the newly introduced ASBA process for rights issues, kindly refer section titled “Procedure for Application through the Applications Supported By Blocked Amount (“ASBA”) Process beginning on page 125 of this Letter of Offer.

Payment should be made by cheque/ demand draft drawn on any bank which is situated at and is a member or a sub member of the Bankers’ to the Issue’s clearing house located at the center where the application is accepted. All cheques/bank drafts accompanying the CAF should be crossed “A/c Payee” only and made payable to “AIL – Rights Issue”. The CAF duly completed together with the amount payable on application must be deposited with the collecting bank/collection centres indicated on the reverse of the CAF, on or before the close of banking hours on or before the Issue closing date. A separate cheque or bank draft must accompany each CAF. Reference number of CAF should be mentioned on the reverse of the Cheque/Draft. Outstation cheques / money orders / postal orders / drafts will not be accepted and application(s) accompanied by such cheques / money orders / postal orders / drafts will be rejected. Applicants residing at places other than the cities where the collection centers have been opened should send their completed CAF by registered post to the Registrar to the Issue, **Niche Technologies Pvt. Ltd., D-511, Bagree Market, 5th Floor, 71, B.R.B. Basu Road, Kolkata – 700 001.** along with a cheque drawn on a local bank at Kolkata or with a demand draft payable at Kolkata, net of bank and postal charges in favour of “AIL - Rights Issue” crossed “A/c Payee” only so that the same is received on or before closure of the Issue (i.e. 26th August, 2011).

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”).

Fractional Entitlement

If the shareholding of any of the equity shareholders is not in the multiples of 5 then the fractional entitlement of such shareholders shall be rounded off to the next higher integer, subject to the minimum entitlement of 1 equity share. The equity shares needed for rounding off will be adjusted from the promoters entitlement.

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 in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the issued amount, the Company shall forthwith refund the entire subscription amount received within 15 days from the date of closure of this Issue. If there is a delay beyond 8 days, after the date from which the Company becomes liable to pay the amount, then the Issuer will pay interest for the delayed period, at rates prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act, 1956.

Additional Subscription by the Promoter

The Promoter and Promoter Group have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. The Promoters and Promoter Group reserve their right to apply for additional Rights Equity Shares, either by themselves, their relatives or a combination of entities controlled by them, including by subscribing for renunciation if any, made within the Promoter Group to another person forming part of the Promoter Group or any other Equity Shareholder.

In addition to the subscription to the Rights Equity Shares as stated above, in case of Issue is undersubscribed, the Promoter and Promoter Group reserve their right to subscribe to additional Rights Equity Shares in the Issue up to the minimum subscription of 90% of the Issue subject to the condition that in any circumstances the post issue public shareholding in the Company shall not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement.

As a result of this subscription and consequent allotment, the Promoter and Promoter Group may acquire shares over and above their entitlement in the Issue, which may result in an increase of their shareholding being above the current shareholding but will currently not exceed 75% of the post issue paid share capital of the Company. This subscription and acquisition of additional Equity Shares by the Promoter and Promoter Group through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of provision under 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 this section "Objects 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 Promoter and Promoter Group, in this Issue, the Promoter's and Promoter Group's shareholding in the Company exceeds their current shareholding. The Promoter Group shall subscribe to such unsubscribed portion as per the relevant provisions of the law.

Allotment to the Promoter Group 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 relating to continuous listing requirements.

As on 31st March, 2011, the Promoter and Promoter Group hold 29.26% of the paid up equity share capital of the Company and if they were to subscribe to the entire Rights Issue their post Issue shareholding would exceed 75% of Issue Equity Share Capital. However, the Promoter and Promoter Group have given an undertaking that in case due to the subscription by them to the unsubscribed portion, the post Issue public shareholding in any circumstances in the Company would not fall below the specified limit of 25% as stipulated in clause 40A of the Listing Agreement.

Joint Holders

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

Notices

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

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.

In accordance with Section 109A of the Companies Act, only individuals applying as sole applicants/ joint applicants can nominate, non-individuals including society, trust, body corporate, partnership firm, holder of power of attorney cannot nominate. In accordance with Section 109A of the Companies Act, the sole or first holder, along with other joint holders, may nominate any one person in whom, in the event of the death of sole holder or in case of joint holders, death of all the holders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s).

Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company's Registered / Corporate Office or to our Company's Registrar and Transfer Agents. The Applicant can make the nomination by filling in the relevant portion of the CAF. In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, shall upon the production of such evidence as may be required by the Board, elect either:

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

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares to be allotted in this 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 this Issue. Nominations registered with respective DP of the applicant would prevail. If the applicant requires changing the nomination, they are requested to inform their respective DP.

Issue of duplicate Equity Share Certificate

If any Equity Share certificate is mutilated or defaced or the pages for recording transfers of Equity Share are fully utilized, the same may be replaced by the Company against the surrender of such certificate. Provided, where the Equity Share certificate are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible. If any Equity Share Certificate is destroyed, stolen or lost, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity/surety and/or documents as the Company may deem adequate, duplicate Equity Share Certificate shall be issued.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Offer to Non-Resident Equity Shareholders

Applications received from NRIs and Non-Residents for Allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 2000 (FEMA) in the matter of receipt and refund of application moneys. Allotment of Equity Shares, issue of allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian Company in terms of FEMA and regulation 6 of notification

No. FEMA 20/2000-RB dated May 3, 2000. However, the general permission referred to in the sentence immediately above is subject to the restrictions described under “No Offer in the United States” as referred on page 8. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment of Equity Shares, payment of dividend etc. to the Non-Resident Shareholders. The equity shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which Equity Shares are issued on a rights basis.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44 dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated Non-Resident entities. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. Such approval shall be submitted along with the CAF.

The Letter of Offer and CAF shall only be dispatched to Non-Resident Equity Shareholders with registered address in India. The Letter of Offer and CAF should not be forwarded to or transmitted in or into the United States of America or the territories or possessions thereof at any time or to, or for the account or benefit of, “U.S. Persons” (as defined in Regulation S under the United States Securities Act of 1933, as amended), except in a transaction exempt from the registration requirements of the Securities Act.

Listing and trading of the Rights Equity Shares proposed to be issued

The Company’s existing Equity Shares is listed on BSE and currently trade under the ISIN No. INE512C01012. The Rights Equity Shares proposed to be issued shall be listed and demated for trading on the BSE under the existing ISIN for fully paid up Equity Shares of the Company.

The Rights Equity Shares allotted pursuant to this Rights Issue will be listed as soon as practicable but in no case later than 7 working days from the date of allotment. The Company has made an application for “in-principal” approval for listing of the Rights Equity Shares in accordance with clause 24(a) of the Listing Agreement to the BSE letter dated 1st February, 2011 and has received such approval from the BSE through letter No. DCS/PREF/SI/IP-RT/1080/10-11, dated 24th February, 2011.

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

The Company is making this Issue of Rights Equity Shares on a rights basis to the Eligible Equity Shareholders of the Company and will dispatch the Letter of Offer / Abridged Letter of Offer and the CAF to the Eligible Equity Shareholders who have provided an Indian address.

Procedure for Application

The Composite Application Form (CAF) would be printed in black ink for all Equity Shareholders. In case the original CAF is not received by the applicant or is misplaced by the applicant, the applicant may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the Registered Folio Number, DP ID Number, Client ID Number and their full name and address. Non-resident shareholders may obtain a copy of the CAF from the Registrar to the Issue, **Niche Technologies Pvt. Ltd., D-511, Bagree Market, 5th Floor, 71, B.R.B. Basu Road, Kolkata – 700 001** by furnishing the registered folio number, DP ID number, Client ID number and their full name and address. Equity Shares offered to you pursuant to this Issue may be renounced, either in full or in part, in favour of any other person or persons. Such renounees can only be Indian nationals/ limited companies incorporated under and governed by the Act, statutory corporations/institutions, trusts (unless registered under the Indian Trust Act), minors (through their legal guardians), societies (unless registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust/society is authorized under its constitution/bye laws to hold equity shares in a company and cannot be a partnership firm, more than three persons including joint-holders, HUF, foreign nationals (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of this Letter of Offer could be illegal or require compliance with securities laws in their jurisdiction or any other persons not approved by the Board.

Option to Subscribe

Applicants to the Equity Shares, other than an ASBA Investor, issued through this Issue shall be allotted the securities either in dematerialized (electronic) form or physical form at the option of the applicant. ASBA Investors shall be allotted the securities only in dematerialized form. The Company signed a tripartite agreement with NSDL and with CDSL, 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.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- (i) The funds received out of this 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 Companies Act;
- (ii) Details of all monies utilised out of the Issue 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;
- (iii) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised moneys have been invested.

The funds received against this Issue will be kept in a separate bank account. The Company will utilize the issues proceeds only after the time basis of allotment is finalized.

Undertakings by the Company in connection with the Issue

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares to be issued pursuant to this Issue are to be listed will be taken within seven (7) working days of finalization of basis of allotment.
3. The funds required for dispatch of refund orders to unsuccessful applicants / allotment letters/share certificates by registered post shall be made available to the Registrar to the Issue by the Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Issue Closing Date specifying details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to Non-ASBA applications while finalizing the basis of allotment.
6. The certificates of the securities/ refund orders, letters of allotment/ allotment advice/ consolidated certificate to the shareholders including non-resident Indians shall be dispatched within the specified time.
7. No further issue of securities effecting equity capital of the Company shall be made till the securities issued / offered through the Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
8. The Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to best of its knowledge, and belief, there are no other facts, the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
9. In accordance with clause 43A of the Listing Agreement, a statement shall be furnished to the Stock Exchanges on a quarterly basis indicating material deviations, if any, in the utilisation of the proceeds of the Issue. This information shall also be published in the newspapers simultaneously with the interim or annual financial results, after such information has been placed before the Audit Committee in terms of Clause 49 of the Listing Agreement.

10. In accordance with clause 49 of the Listing Agreement, the Company shall disclose to the Audit Committee, the uses/ application of the proceeds of the Issue by major category, on a quarterly basis as a part of its quarterly declaration of financial results. Further, on an annual basis and until the full utilisation of the proceeds of the Issue, the Company shall prepare a statement, which shall be certified by the statutory auditors of the Company, of the proceeds of the Issue utilized for purposes other than those specified in this Letter of Offer and place such statement before the Audit Committee.
11. In the event that the public shareholding falls below the minimum prescribed in the Listing Agreements, the Company will take such as may be necessary to restore the minimum public shareholding in accordance with the SEBI regulations and undertakes to comply with such directions as may be issued by the Stock Exchanges.
12. Save as otherwise disclosed in this Letter of Offer, no further issue of securities affecting the Equity Capital of the Company shall be made till the Rights Equity Shares issued / offered through this Issue are listed or till the application moneys are refunded on account of non-listing, under subscription etc.
13. The Company certifies that the Investors shall be given an option to get the Rights Equity Shares in demat or physical format.
14. The Company undertakes that it shall comply with such disclosure, monitoring of the utilisation of proceeds of the Issue and accounting norms specified by SEBI from time to time.
15. All information shall be made available by the Lead Manager and the Company to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
16. The Issuer and Lead Manager shall update this Letter of Offer and keep the investors informed of any material changes till the listing and trading commences.

HOW TO APPLY

Application by Resident Equity Shareholders

Applications should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, including number of physical or dematerialized shares, as explained in the instructions indicated in the CAF and submitted to the Bankers to the Issue. CAFs will not be accepted by the Lead Manager or by the Registrar to the Issue or by the Company at any office except in the case of postal applications as per instructions given in the Letter of Offer.

Application by Non-Resident Equity Shareholders

Applications received from the Non-Resident Equity Shareholders for the allotment of equity shares shall, inter-alia, be subject to the conditions as may be imposed from time to time by RBI, in the matter of refund of application moneys, allotment of Equity Shares, issue of letters of allotment/certificates/payment of dividends etc. This Letter of Offer and CAF shall only be dispatched to Non-Resident (including NRI) Equity Shareholders with registered address in India.

The CAF consists of four parts:

Part A:	Form for accepting the Rights Equity Shares offered and for applying for additional Rights Equity Shares
Part B:	Form for renunciation
Part C:	Form for application for Renounees
Part D:	Form for request for Split Application Forms

Acceptance of the Issue

The shareholders may accept the Issue and apply for the Rights Equity Shares offered, either in full or in part, by filling 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 collection 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 of Directors of the Company in this regard. Investors at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn at par on a local bank at Kolkata / demand draft payable at Kolkata to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. An ASBA Investor may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Options available to the Eligible Equity Shareholders

The CAF will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in Rights Equity Shares, then he can:

- Apply for his Rights Entitlement of Rights Equity Shares in part;
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
- Apply for his Rights Entitlement of Rights Equity Shares in full;
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Renounce his Rights Entitlement in full;

Renunciation

The Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that the Company shall not allot and / or register the Rights Equity Shares in favour of more than 3 persons (including joint holders) partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act or any other applicable law relating to societies or trusts and is authorized under its constitution or by-laws to hold Equity Shares)

Any renunciation from Resident Indian Shareholder(s) to Non-Resident Indian(s) or from Non-Resident Indian Shareholder(s) to Resident Indian(s) or from Non-Resident Indian Shareholder(s) to other Non-Resident Indian(s) is subject to the Renouncer(s) / Renounee(s) obtaining the necessary approvals including the permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

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

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

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

Procedure for Renunciation

To renounce all the Rights Equity Shares offered to an Eligible Equity Shareholder in favour of one Renounee

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

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

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of forms. Please indicate your requirement of split application 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 application forms, 22nd August, 2011. 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 Eligible Equity Shareholder(s), who has/have renounced the Rights Equity Shares, does/do not match with the specimen registered with the Company, the application is liable to be rejected.

Renounee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue closing date along with the application money. The Renounee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Rights Equity Shares jointly with any other person or persons, not more than three, who is/are not already joint holder(s) 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 renounee(s) without assigning any reason thereof.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares you are entitled to, provided that you have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation, if necessary, with the Designated Stock Exchange and in the manner prescribed in the Letter of Offer.

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

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

Instructions for options

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- A request for split forms should be made for a minimum of 1 shares, Rights Equity Shares or, in multiples thereof and one split form for the balance Rights Equity Shares, if any.
- A request by the Investor for the split Application form should reach the Company on or before 22nd August, 2011.

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- Only the Eligible Equity Shareholders to whom the Letter of Offer has been addressed to and not the renounee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split further.
- Split Application Form(s) will be sent to the Investor(s) by post at Investor's risk.

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

Options Available	Action Required
1. Accept the whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part 'A'. <i>(All joint holders must sign)</i>
2. Accept your Rights Entitlement in full and apply for additional Rights Equity Shares.	Fill in and sign Part 'A' including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Rights Equity Shares. <i>(All joint holders must sign)</i>
3. Renounce your Rights Entitlement in full to one person. <i>(Joint renounces are considered as one)</i>	Fill in and sign Part 'B' <i>(all joint holders must sign)</i> indicating the number of Rights Equity Shares renounced and hand it over to the Renounee. The Renounees must fill in and sign Part 'C'. <i>(All joint Renounees must sign)</i>
4. Accept a part of your Rights Entitlement and renounce the balance to one or more Renounee(s). OR Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renounee.	Fill in and sign Part 'D' <i>(all joint holders must sign)</i> requesting for Split Application Forms. 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 Application Forms. Splitting will be permitted only once. On receipt of the Split Application Form take action as indicated below: <ul style="list-style-type: none"> • For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. • For the Rights Equity Shares you wish to renounce, fill in and sign Part 'B' indicating the number of Rights Equity Shares renounced and hand it over to the Renounee. Each of the Renounees 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 Renounee must fill in and sign Part 'C'.

Investors must provide information in the CAF as to their savings bank / current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s). Failure to comply with this may lead to rejection of the application. Bank account details furnished by the Depositories will be printed on the refund warrant in case of Equity Shares held in electronic form.

Investors must write their CAF Number at the back of the cheque/ demand draft.

Availability of Duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/her full name and address to the Registrar to the Issue. Please note that the request for a duplicate CAF should reach the Registrar to the Issue within 7 (seven) days from the Issue Opening Date. Please note that those who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates any of these requirements, he/she shall face the risk of rejection of both the CAFs.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with a demand draft, net of bank and postal charges payable at Kolkata which should be drawn in favour of “AIL – Rights Issue” in case of Resident Shareholders and Non-Resident Shareholders applying on non-repatriable basis or “AIL – Rights Issue – NR” in case of Non-Resident Shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post directly to the Registrar to the Issue.

The envelop should be superscribed “AIL – Rights Issue” and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Issuer, being Arvind International Limited;
- Name and address of the Eligible Equity Shareholders, including joint holders;
- Registered Folio Number/DP ID number and Client ID number;
- Number of Equity Shares held as on the Record Date;
- Number of Rights Equity Shares entitled;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Ratio of 6 equity shares for every 5 equity shares held on record date;
- Total amount paid at the rate of ₹ 13.50/- per Rights Equity Share;
- Separate cheques / DDs are to be attached for amounts to be paid for Rights Equity Shares;
- Particulars of cheque / demand draft / Savings / Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order;
- PAN of the Investor, and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of the Rights 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 an application otherwise than on an original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the applications. Separate cheque / DDs are to be attached for amounts to be paid for Rights Equity Shares. The Company shall refund such application amount to the Investor without any interest thereon.

For Applicants residing at places where the Bank Collection Centres have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue.

For Applicants residing at places other than the cities where the Bank collection centres have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money must be submitted before the close of the subscription list to the Bankers to the Issue named herein or to any of its branches mentioned on the reverse of the CAF. The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Registrar to the Issue.

For Applicants residing at places other than the clients where the Bank collection centres have been opened, application forms duly completed together with cash/ cheque/ demand draft for the application money net of bank charges for demand draft and postal charges must reach Registrar to the Issue before the close of the subscription list.

For ASBA Investors may fill Part ‘A’ of the respective CAFs, selecting the ASBA process option in Part ‘A’ of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

The Applicants are requested to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected with the Company, the Lead Manager and the Registrar not having any liabilities to such Applicants.

Last Date of Application

The last date for submission of the duly filled in CAF is 22nd August, 2011. The Issue will be kept open for a minimum of 15 days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Bankers to the Issue / Registrar to the Issue, as the case on or before the closure 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 the Letter of Offer shall be deemed to have been declined and the Board / Committee of Directors shall be at liberty to dispose off the Rights Equity Shares hereby offered, as provided in this Letter of Offer.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

Basis of Allotment

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

- (a) Full allotment to those Rights Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has / have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Rights Equity Shares will be at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as part of the Issue and not preferential allotment.
- (c) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Rights Equity Shares will be on a proportionate basis at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as part of the Issue and not preferential allotment.
- (d) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b) and (c) above.

After taking into account allotment to be made under (a) and (b) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (c), (d) and (e) above.

After considering the above Allotment, any additional Rights Equity Shares shall be disposed off by the Board, in such manner as they think most beneficial to the Company and the decision of the Board in this regard shall be final and binding. In the event of oversubscription, Allotment will be made within the overall size of the Issue.

Underwriting

As on date of this Letter of Offer, the Company has not entered into any underwriting agreements.

Allotment / Refund

The Company will issue and dispatch letters of allotment/ share certificate/ demat credit and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the date of closure of the Issue. If such money is not repaid within 8 days from the day the Company becomes liable to pay it, then the Issuer will pay interest for the delayed period, at rates prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act, 1956.

In case of ASBA Investors, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Money for withdrawn, rejected or unsuccessful ASBAs within 15 days of the closure of the Issue. In case of a failure in providing instructions to SCSBs to unblock the funds in the relevant ASBA Account, then the Issuer will pay interest for the delayed period, at rates prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act, 1956.

Applicants residing at 68 clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (Electronic Clearing Service) except where Applicants are otherwise disclosed as applicable/ eligible to get refunds through direct credit and RTGS.

In case of those Applicants who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and advise regarding their credit of the Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of the Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form and the Company issues Letter of Allotment, the corresponding share certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Companies Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post/ speed post to the sole/ first Applicant's registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee Only' and would be drawn in favour of the sole/ first Applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refund

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS (Electronic Clearing Service) – Payment of refund would be done through ECS for Investors having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at the centers where ECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through ECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Investor's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method. The Company in consultation with the Lead Manager may decide to use NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed herein.

3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.
4. RTGS (Real Time Gross Settlement) – Investors having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 2 Lac, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed post / registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole / first Investor and payable at par.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/ refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates / Demat Credit

Allotment advice / share certificates / demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 (fifteen) days, from Issue Closing Date. Allottees are requested to preserve such letters of allotment (if any) to be exchanged later for share certificates. Export of letter of allotment (if any) / share certificates / demat credit to Non-Resident allottees will be subject to the approval of RBI.

Option to receive the Rights Equity Shares in Dematerialized Form

Investors shall be allotted the Rights Equity Shares in the dematerialized form at the option of the Investor. The Company has signed a tripartite agreement dated 28th November, 2000 with NSDL and the Registrar to the Issue and a tripartite agreement dated 27th November, 2000 with CDSL and the Registrar to the Issue, which enables our Equity Shareholders to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for the Rights Equity Shares in dematerialized form will receive the Rights Equity Shares in the form of an electronic credit to their beneficiary account with a DP. The CAF shall contain a space for indicating the number of Rights Equity Shares applied for in demat and physical form or both. Investors will have to give the relevant particulars for this purpose appropriately in the CAF. Applications, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate applications for Rights Equity Shares in physical and / or dematerialized form should be made. If such applications are made, the application for physical Rights Equity Shares will be 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, may be allotted in physical shares.

The Rights Equity Shares will be listed on the BSE.

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

- Open a beneficiary account with any DP (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 the 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 Investors who have already opened such beneficiary account (s) need not adhere to this step.

- For the Eligible Equity Shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficiary account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Rights Equity Shares arising out of 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.
- Responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's DP, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in the CAF should be same as registered with the Investor's DP.
- Equity Shares/ allotted to an Applicant in the electronic account form will be credited directly to the Applicant's respective beneficiary account(s) with DP.
- Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's DP.
- Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to the Issue.
- If incomplete / incorrect beneficiary account details are given in the CAF the Investor will get the Rights Equity Shares in physical form.
- The Rights Equity Shares pursuant to this Issue allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's DP will provide to him the confirmation of the credit of such Securities to the Investor's depository account.
- Renounees will also have to provide the necessary details about their beneficiary account for allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose name appear in the list of beneficiary owners given by the DP to the Company as on the date of the book closure.

General instructions for Investors

- (a) Please read the instructions printed on the enclosed CAF carefully.
- (b) Applications 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 the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.
- (c) The CAF together with the cheque / demand draft should be sent to the Bankers to the Issue / Collecting Banks or the Registrar to the Issue, as the case may be, and not to the Company or the Lead Manager to the Issue. Investors 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 Kolkata of an amount net of bank 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 any value made by the Investor, or in the case of joint names, each of the joint Investors, should mention his / her PAN number allotted under the Income Tax Act, 1961, irrespective of the amount of application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- (e) Investors are advised that it is mandatory to provide information as to their savings / current account number and the name of the bank with whom such accounts is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Applications not containing such details are liable to be rejected. For Eligible Equity Shareholders holding Equity Shares in dematerialized form, such bank details will be drawn from the demographic details of the Eligible Equity Shareholders in the records of the depository.
- (f) All payments should be made by cheque / DD only. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his / her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company or the Depositories.
- (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 the signatory to make the relevant investment under this Issue and to sign the application and a copy of the memorandum and articles of association and or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference to the serial number of the CAF and folio numbers / DP ID and Client ID Number. In case the above referred documents are already registered with the Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- (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 Investors who are Renouncees, the number of Investors should not exceed three. In case of joint applicants, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

- (k) All communications in connection with applications for the Rights Equity Shares, including any change in addresses of the Eligible 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 Investors, folio numbers and CAF number. Please note that any intimation for change of address of the Eligible Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of the Company, Niche Technologies 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 the Rights Equity Shares have been offered and not Renounee(s) shall be entitled to obtain split forms.
- (n) Investors 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 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 / demand draft must accompany each CAF. Outstation cheques / demand drafts or postdated 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.

Grounds for Technical Rejections

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

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of first Investor not given while completing Part C of the CAFs;
- PAN not mentioned for application of any value;
- In case of application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder on the CAF does not match with the records available with the Company and/or the Depositories and in case of application by Renounees, if the signature of the Renounees do not match with the records available with their Depositories;
- If the Investor desires to have Rights Equity Shares in electronic form, but the CAF does not have the Investor's depository account details;
- Application forms are not submitted by the Investor's within the time prescribed as per the application form and the Letter of Offer;
- Applications not duly signed by the sole / joint Investors;
- Applications by OCBs unless accompanied by specific approval from RBI permitting the OCBs to participate in the Issue;
- Applications accompanied by stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's Identity (DP ID) and the beneficiary's identity;
- Applications that do not include the certification set out in the CAFs to the effect that the subscriber is not a US person, and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Securities in compliance with all applicable laws and regulations;
- Applications which have evidence of being dispatched from the US;
- Applications by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;

- Applications where the Company believes that the CAF is incomplete or acceptance of such CAFs may infringe applicable legal or regulatory requirements;
- Multiple applications;
- Applications by renouces who are persons not competent to contract under the India Contract Act, 1872, including minors; and
- Duplicate Applications, including cases where an Investor submits CAFs along with a plain paper application.

Mode of payment for Resident Eligible Equity Shareholders / Investors

Applicants who are resident in centers with the bank collection centres shall draw cheques / drafts accompanying the CAF in favour of the Bankers to the Issue, crossed account payee only and marked “AIL – Rights Issue”.

Applicants residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft / Pay Order payable at Kolkata in favour of the bankers to the Issue, crossed account payee only and marked “AIL – Rights Issue” directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Eligible Equity Shareholders / Investors

As regards the application by Non-Resident Eligible Equity Shareholders / Investors, the following conditions shall apply:

- Individual Non-resident Indian applicants can obtain application form at the following address:

Niche Technologies Pvt. Ltd.

D-511, Bagree Market, 5th Floor

71, B.R.B. Basu Road,

Kolkata – 700 001

Ph: 033-22357270/7271; 2234 3576

Fax: 033-22156823

E-mail: ail.rights@nichetechpl.com

Web-site: www.nichetechpl.com

Contact Person: Mr. S. Abbas/Mr. Aniruddha Dutta.

Non-resident Indian applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The non-resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

- Payment by Non-residents must be made by demand draft payable at Kolkata / cheque payable drawn on a bank account maintained at Kolkata or funds remitted or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft / cheque payable at Kolkata or funds remitted from abroad in any of the following ways:

- By Indian Rupee drafts purchased from abroad and payable at Kolkata or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / demand draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Kolkata; or
- By Rupee draft purchased by debit to NRE / FCNR Account maintained elsewhere in India and payable in Kolkata; or
- FIIs registered with SEBI must remit funds from special Non-Resident rupee deposit account;
- All cheques / demand drafts submitted by Non-Residents applying on repatriable basis should be drawn in favour of “AIL – Rights Issue – NR” payable at Kolkata and crossed “A/c Payee only” for the amount payable.

A separate cheque or bank draft must accompany each application form. Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of non-residents who remit their application money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such accounts details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the Investor's Bankers.

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 Kolkata or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable in Kolkata. In such cases, the allotment of Rights Equity Shares will be on non-repatriation basis.

All cheques / demand drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of "AIL – Rights Issue" payable at Kolkata and must be crossed 'A/c Payee Only' for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing date. A separate cheque or bank draft must accompany each CAF.

If the payment is made by a draft purchased from an NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the NRO account, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New demat accounts shall be opened for Eligible Equity Shareholders who have had a change in status from Resident Indian to NRI.

Note:

- In cases where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- In case Rights 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 or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines / rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

The Company is not responsible for any postal delay / loss in transit on this account and applications received through mail after closure of the Issue are liable to be rejected. Applications through mail should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to the Company or the Lead manager or the Registrar except stated otherwise. The Investors are requested to strictly adhere to these instructions.

Renouncees who are NRIs / FIIs / Non Residents should submit their respective applications either by hand delivery or by registered post with acknowledgement due to the Registrar to the Issue only at the below mentioned address along with the cheque / demand draft payable at Kolkata so that the same are received on or before the closure of the Issue.

Investment by NRIs

Investment by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs: The issue of Rights Equity Shares under this Issue to a single FII should not exceed 10% of the Post Issue Paid-Up Capital of the Company. In respect of an FII investing in the Rights Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total Paid-Up Capital of the Company or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual. In accordance with foreign investment limits applicable to the Company, the total FII investment cannot exceed 24% of the total Paid-Up Capital of the Company. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 10%. As of date, the FII investment in the Company is limited to 24% of the total Paid-Up Capital of the Company.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Rights Issue.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or 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”

Disposal of application and application money

No acknowledgement 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 acknowledgement slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on the Rights Equity Shares allotted, will be refunded to the Investor within 15 days from the closure of the Issue.

For further instructions, please read the CAF carefully.

Procedure for Application through the ASBA (“ASBA Process”)

This section is for the information of Equity Shareholders proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make

their independent investigations and ensure that the number of Equity Shares applied for by such Equity Shareholders do not exceed the applicable limits under laws or regulations. Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

Please note that pursuant to the SEBI circular dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000, shall mandatorily make use of ASBA facility.

Equity Shareholders who are eligible to apply under the ASBA Process

Please note that pursuant to the SEBI circular dated April 29, 2011, all applicants who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000, shall mandatorily make use of ASBA facility.

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Equity Shareholders of the Company on the start of the Book Closure Period and renouncees can also participate in the Issue.

CAF

The Registrar will despatch the CAF to all Equity Shareholders as per their entitlement on the start of the Book Closure Period for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain a duplicate CAF and wanting to apply under ASBA process may make an application to subscribe for the Issue on plain paper,

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 be submitted at a designated branch of a SCSB on or before the Issue Closing Date and should contain the following particulars;

- Name of the issuer, being Arvind International Limited;
- Name and address of the Equity Shareholder, including any joint holders;
- Registered folio number/DP ID number and client ID number;
- Number of Equity Shares held as on the Record Date;
- Rights Entitlement;
- Number of Equity Shares applied for;
- Ratio of 6 equity shares for every 5 equity shares held on record date;
- Total amount paid at the rate of ₹ 13.50/- per Rights Equity Share;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Savings/Current Account Number alongwith name and address of the SCSB and Branch from which the money will be blocked ;
- The permanent account number (PAN) of the Equity Shareholder and where relevant, for each joint holder, except in respect of Central and State Government officials and officials appointed by the court (e.g., official liquidators and court receivers) who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity;

- A representation that the Equity Shareholder is not a “U.S. Person” (as defined in Regulation S under the Securities Act);
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company;
- Incase of Non Resident Shareholders, NRE/FCNR/NRO A/c no., Name and address of the SCSB and Branch
- In the application, the ASBA Investor shall, inter alia, give the following confirmations/declarations:
 - A. That he/she is an ASBA Investor as per the SEBI Guidelines and
 - B. That he/she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his/her application data, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the separate account maintained by the Company for Rights Issue after finalization of the basis of Allotment entitling the ASBA Investor to receive Equity Shares in the Issue etc

The Equity Shareholder shall submit the plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB

If an applicant makes an application in more than one mode i.e. both in the Composite Application Form and on plain paper, then both the applications may be liable for rejection.

The lists of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/pmd/scsb.html>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

Acceptance of the Issue

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

Mode of payment

The Equity Shareholder applying under the ASBA Process agrees to block the Application Money for the Equity Shares applied for (including for additional Equity Shares, if any) with the submission of the CAF, by authorizing the SCSB to block such amount in the ASBA Account.

After verifying that sufficient funds are available in the ASBA Account provided in the CAF, the SCSB shall block an amount equivalent to the Application Money for the Equity Shares applied for until it receives instructions from the Registrar of the Issue. Upon receipt of intimation from the Registrar, the SCSBs shall transfer the Application Money in relation to the Equity Shares which will be allotted to the ASBA Investor. Such amount will be transferred into the separate bank account maintained by the Company. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would have agreed to permit blocking of the Application Money for the Equity Shares applied for at the time of the submission of the CAF. The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account provided in the CAF does not have sufficient funds equivalent to the Application Money for the Equity Shares applied for. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

Options available to the Equity Shareholders applying under the ASBA Process

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

Sr. No	Option Available	Option required
1.	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (<i>All joint holders must sign</i>).
2.	Accept your entitlement in full and apply for additional Equity Shares.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>).
3.	Renounce your Rights Entitlement in full to one person (Joint Renounees are considered as one).	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Equity Shares renounced and hand it over to the Renounee. The Renounee must fill in and sign Part C (<i>All joint Renounees must sign</i>).

An ASBA Investor will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares (as the case may be) that you are entitled to, provided that (i) you have applied for all the Equity offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page 117 of this Letter of Offer.

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

Renunciation under the ASBA Process

Renounees can participate in the ASBA Process.

Last date of Application

The last date for submission of the duly filled in CAF is Friday, 26th August, 2011. The Issue will be kept open for a minimum of 15 days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue or if the CAF is not received by the SCSB 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, as the case may be, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/Committee of Directors, as the case may be, shall be at liberty to dispose off the Equity Shares hereby offered, as provided under “Basis of Allotment”.

Option to receive Securities in Dematerialised Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALIZED

FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON RECORD DATE.

Issuance of Intimation Letter

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

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by the Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by the Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

General instructions for Equity Shareholders applying under the ASBA Process

- (a) Please read the instructions printed on the respective CAF carefully.
- (b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF must be filled in English.
- (c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.
- (d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- (e) All payments will be made by blocking the Application Money for the Equity Shares applied for in the ASBA Account. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company/or Depositories.
- (g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (h) All communication in connection with application for the Securities, 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.

Do's:

- (a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- (b) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- (c) Ensure that the details about your DP and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.

- (d) Ensure that the CAFs are submitted at the SCSBs whose details of bank account have been provided in the CAF.
- (e) Ensure that you have mentioned the correct bank account number in the CAF.
- (f) Ensure that there are sufficient funds (equal to {number of Equity Shares applied for} X {Issue Price}) available in the ASBA Account mentioned in the CAF before submitting the CAF.
- (g) Ensure that you have authorised the SCSB for blocking the Application Money for the Equity Shares applied for, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- (h) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- (i) Each applicant should mention their Permanent Account Number (“PAN”) allotted under the I.T Act.
- (j) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the DP. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- (k) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

1. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
2. Do not pay the Application Money for the Equity Shares applied for in cash, by money order or by postal order.
3. Do not send CAF to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
4. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
5. Do not instruct your respective banks to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under “Grounds for Technical Rejection” on page 122 of this Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- a) Application on split form.
- b) Application for entitlements or additional shares in physical form.
- c) Equity Shareholders applying under ASBA Process for additional Equity Shares in CAF of ‘A’ Equity Shares and vice versa.
- d) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- e) Sending CAF to a Lead Manager /Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- f) The application form does not bear the stamp of the syndicate member / SCSBs.
- g) Insufficient funds are available with the SCSB for blocking the Application Money for the Equity Shares applied for.
- h) Funds in the ASBA Account having been frozen pursuant to regulatory orders.

- i) Account holder not signing the CAF or declaration mentioned therein.

Communications

All future communication in connection with ASBA applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Investor, CAF number, details of DP, number of Equity Shares applied for, date of CAF, name and address of the Designated Branch where the application was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Investors can contact the Compliance Officer, the Designated Branch where the application was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, blocking of excess Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the CAF was submitted by the ASBA Investors.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Depository account and bank details for ASBA Investors

IT IS MANDATORY FOR ALL THE ASBA INVESTORS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL ASBA INVESTORS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. THE ASBA INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

The ASBA Investors should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, ASBA Investors should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their DPs. By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the ASBA Investor as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. ASBA Investors may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are

returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the ASBA Investor and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the ASBA Investor for any losses caused to such Equity Shareholder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- (a) All monies received out of this 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 Companies Act;
- (b) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.
- (d) The Company may utilize the funds collected in the Issue only after the basis of allotment is finalized.

Important

Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All enquiries in connection with the Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and superscribed '**AIL-Rights Issue**' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Niche Technologies Pvt. Ltd.

D-511, Bagree Market, 5th Floor
71, B.R.B. Basu Road,
Kolkata – 700 001
Ph: 033-22357270/7271; 2234 3576
Fax: 033-22156823
E-mail: ail.rights@nichetechpl.com
Web-site: www.nichetechpl.com
Contact Person: Mr. S. Abbas/Mr. Aniruddha Dutta

It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risks set out in the Section titled "Risk Factors" on page 10 of this Letter of Offer.

The Issue will remain open for a minimum of 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION – X. OTHER INFORMATION

1. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by us or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by us. These contracts and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company situated at 15, Ganesh Chandra Avenue, 2nd Floor, Kolkata - 700 013 from 11.00 a.m. to 4.00 p.m. from the date of this Letter of Offer until the date of closure of the Subscription List.

A. Material Contracts

- 1) Memorandum of Understanding dated 3rd January, 2011 entered into between the Issuer Company and Sumedha Fiscal Services Limited, Lead Manager to the Rights Issue.
- 2) Memorandum of Understanding dated 28th October, 2010 entered into between the Issuer Company and Niche Technologies Pvt. Ltd., Registrar to the Rights Issue.
- 3) Tripartite Agreement entered between the Company, Central Depository Services (India) Limited and Niche Technologies Pvt. Ltd. dated 27th November, 2000.
- 4) Tripartite Agreement entered between the Company, National Security Depository Limited and Niche Technologies Pvt. Ltd. dated 28th November, 2000.

B. Material Documents for Inspection

- 1) Memorandum and Articles of Association of the Company.
- 2) Certificate of Incorporation dated 10th May, 1991 of the Company.
- 3) Fresh Certificate of Incorporation dated 10th August, 1994.
- 4) Copy of Resolution passed by the Board of Directors of the Company at their meeting held on 9th November, 2010 authorizing the proposed Rights Issue.
- 5) Copy of Resolution passed through Postal Ballot and results of which was declared in the EGM of members held on 30th December, 2010 authorizing the proposed Rights Issue.
- 6) Copy of Consents from Directors, Auditors, Bankers to the Company, Bankers to the Issue, Lead Manager to the Issue, Registrar to the Issue, Legal Advisor to the Issue and Compliance Officer to include their names in the Letter of Offer to act in their respective capacities.
- 7) Copy of Letter of the Auditors, M/s N. C. Banerjee & Company, Chartered Accountants dated 3rd June, 2011 confirming Tax Benefits as mentioned in this Letter of Offer.
- 8) Annual Reports of the Company for the financial years ended 2007, 2008, 2009, 2010 and 2011.
- 9) Copy of The Audit Reports of the Issuer Company by the Statutory Auditors, M/s N. C. Banerjee & Company, Chartered Accountants, as set out herein dated 20th May, 2011 in relation to the Audited Financial Information for FY 2011.
- 10) Copy of the prospectus of the Initial Public Offering made on December, 1994.
- 11) Copy of the undertaking dated 11th January, 2011 for the subscription to rights entitlement and unsubscribed portion, received from the Promoters.
- 12) Letter of the Management of the Company dated 11th January, 2011 confirming that all loans as specified above have been used for the purposes for which they were raised.

Arvind International Limited

- 13) Copy of the In-principal approval dated 24th February, 2011 from BSE for listing of the securities offered to this Issue.
- 14) Copy of the Due Diligence Certificate dated 31st January, 2011 to SEBI from the Lead Manager to the Issue.
- 15) Copy of SEBI Observation Letter No. SEBI/ERO/VN/OW/17056/201 dated 27th May, 2011.
- 16) Certificate of the Company dated 19.05.2011, that the pledge of the equity shares by the Promoter/Promoter group of the Company, has not violated any of the existing terms and conditions of the bank (State Bank of India), mentioned in their sanction letter.
- 17) Certificate of the Company dated 26.05.2011, that the unsecured loans of the Promoter/promoter Group shall not be adjusted against the allotment of shares against their Rights Entitlement.

DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made there under. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government or any other competent authority in this behalf have been duly complied with.

We further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY ALL THE DIRECTORS OF ARVIND INTERNATIONAL LIMITED

Mr. Arvind Bajoria
Managing Director

Mrs. Anupama Bajoria
Director

Mr. Rajiv Chamaria
Director

Mr. Manish Lohia
Director

Mr. Manoj Kumar Agarwal
Director

Signed by the Company Secretary & Compliance Officer

Ms. Neha Chaudhary

Place: Kolkata.

Date: 20.07.2011.