

ISSUE OPENS ON MONDAY  
THE 17TH AUGUST 1981



# Madras Elastomers Limited

Regd. Office 101, St. Mary's Road Madras-600 018

## Prospectus

ISSUE OF 265800 EQUITY SHARES OF  
RS. 10/- EACH ISSUED FOR CASH AT PAR

### HIGHLIGHTS OF THE ISSUE

- Located only 40 kms from Madras
- Marketing arrangement with Dunlop India Ltd
- Entire investment wealth-tax free for 5 years
- Eligible for Income-tax benefit under Section 80CC

Managers to the issue  
**CHATURVEDI & CO.,**  
Management Services Division  
Madras 600 006



## PROSPECTUS

This issue of 2,65,800 Equity Shares of Rs. 10/- each is being made in terms of the 'Capital Issues' (Exemption) Order, 1969. A copy of the consent letter No. R 265-CCI/81 dated 14-7-1981 received from the Office of the Controller of Capital Issues, Government of India, New Delhi, is open for Public Inspection at the Registered Office of the Company. It must be distinctly understood that in giving this the Central Government do not take any responsibility for the financial soundness of any scheme or for the correctness of any of the Statements made or opinions expressed with regard to them.

No Industrial Licence is required for this project since the total investment amounts to less than Rs. 3 crores. However, the company has been registered with the Directorate General of Technical Development (Rubber Directorate) Udyog Bhavan, New Delhi, vide their letter No. RC/2(34)/80/535 Dt. 24th October 1980 for the purpose of manufacturing the following items viz., solid tyres, tank wheels, pulleys, expansion joints, railway suspensions and other moulded specialised Elastomer inserts, Rubber Vestibules, Dock fender and Carbon Black Master Batches.

A copy of this prospectus, having attached thereto the documents required to be filed under Section 60 of the Companies Act 1956 as amended from time to time has been delivered for registration to the Registrar of Companies, Tamil Nadu, Madras.

Application will be made to the Stock Exchanges at Madras and Calcutta for permission to deal in and for official quotation of the Equity Shares of the Company.

**THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF THE BANKING HOURS ON MONDAY, THE 17th AUGUST 1981 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON SATURDAY, THE 29th AUGUST 1981 OR EARLIER AT THE DISCRETION OF THE DIRECTORS BUT NOT BEFORE THE CLOSE OF THE BANKING HOURS ON WEDNESDAY, THE 19th AUGUST 1981.**

Attention of the applicants is invited to sub-section (1) of the Section 68-A 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,
- (B) Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name shall be punishable with imprisonment for a term which may extend to five years.



# MADRAS ELASTOMERS LIMITED

(Incorporated on 23rd July 1980 under the Companies Act, 1956)

## SHARE CAPITAL

### Authorised

10,00,000 Equity Shares of Rs. 10/- each ... **Rs. 1,00,00,000**

### Issued Subscribed and Paid Up

1,77,200 Equity Shares of Rs. 10/- each fully paid-up  
for cash at par ... **Rs. 17,72,000**

### Now offered to the Public for Subscription in terms of this prospectus for cash at par

2,65,800 Equity Shares of Rs. 10/- each ... **Rs. 26,58,000**

### TERMS OF PAYMENT:

Rs. 5.00 per share on application  
Rs. 5.00 per share on allotment.

Failure to pay the amount due on allotment will render the allottee liable to pay interest thereon at the rate of 5% p.a. from the last date fixed for payment of allotment money till the date of payment and also render the shares including the amount already paid on them liable to forfeiture.

### TERMS OF OFFER :

The Equity Shares hereby issued are subject to the terms of this prospectus, the Application form and Memorandum and Articles of Association (hereinafter referred to as 'Articles') of the Company and will rank pari passu with the existing Equity Shares of the Company in all respects including dividends if any, to the extent and in proportion to the amount actually paid-up on them.

### CONSENT OF THE EXISTING SHARE HOLDERS TO THIS ISSUE

Pursuant to Section 81 (1A) of the Act, the present issue has been authorised by a Special resolution of the Company passed at the Extra-ordinary General Meeting held on 15-6-1981.

### BOARD OF DIRECTORS

#### Name, Description, Address and Occupation

#### Particulars of Other Directorship etc.

#### 1. SRI JUGAL KISHORE SARAFF

S/o. Sri Motilal Saraff  
3, Iron Side Road,  
Ballygunge,  
Calcutta 700 019.

Industrialist

#### Managing Director

M/s. Oudh Rubber & Plastic Industries Private Limited,  
Lucknow

#### Director

M/s. Machine Works (International) Limited,  
Calcutta.

#### 2. SRI SUBASH C. SARAFF

No.3, Iron Side Road  
Ballygunge,  
Calcutta 700 019.

Industrialist

#### Director

M/s. Oudh Rubber & Plastic Industries  
Private Ltd., Lucknow.

M/s. Machine Works (International) Limited,  
Calcutta.

#### 3. SRI SHYAM SHAHANNEY

S/o. Late Brig B. J. Shahaney  
101, St. Mary's Road,  
Madras-600 018.

Company Director

Nil

### REGISTERED OFFICE

101, St. Mary's Road,  
Madras-600 018.

### FACTORY

Kattankulathur  
Plot No. A-5,  
Maraimalai Nagar Industrial  
Complex, Chingleput  
Madras 603 001.

### CALCUTTA OFFICE

No. 1, Auckland Place,  
Benson House,  
Calcutta-700 017.

### AUDITORS

Chaturvedi & Company,  
Chartered Accountants,  
9, Anderson Road,  
Madras-600 006.



## BANKERS TO THE COMPANY

Punjab National Bank,  
St. Thomas Building,  
150, Luz Church Road,  
Mylapore, Madras-600 004.

## BANKERS TO THE ISSUE

Punjab National Bank,  
St. Thomas Building,  
150, Luz Church Road,  
Mylapore, Madras-600 004

Canara Bank,  
81, Tiruvottiyur High Road,  
Madras-600 019

## MANAGERS TO THE ISSUE

Management Services Division,  
Chaturvedi & Company,  
9, Anderson Road,  
Madras-600 006.

## UNDERWRITERS TO THE ISSUE

Out of the present issue of 2,65,800 Equity Shares of Rs. 10/- each offered to the Public for subscription in terms of this prospectus 1,74,000 Equity Shares of Rs. 10/- each have been underwritten as follows:

Name & Address of the Underwriter	Amount underwritten	Underwriters' Letters reference
	Rs. in lacs	
State Industries Promotion Corporation of Tamilnadu Ltd., 51 & 52, Greams Road, Madras-600 006	4.40	No. PI/TL/341/80-81 dated 27-1-1981
Punjab National Bank 150, Luz Church Road, Mylapore, Madras-600 004.	5.00	Ref. No. Nil dated 24-4-1981
Paterson & Co., "Vanguard House" 48, Second Line Beach, Madras - 600 001.	.50	Ref. No. Nil dated 14-7-1981
Madan & Co., No. 7, Ramanuja Iyer Street, Madras - 600 001.	.25	Ref. No. Nil dated 14-7-1981
Kothari & Sons, "Eldorado Buildings", Vth Floor, 112, Nungambakkam High Road, Madras - 600 034.	.25	Ref. No. Nil dated 13-7-1981
Subramaniam & Co., 49, Second Line Beach, Madras - 600 001.	.25	Ref. No. Nil dated 9-7-1981

Swastik & Co.,  
"Mercantile Plaza",  
373-375, N. S. C. Bose Road,  
Madras - 600 001. .25

Ref. No. Nil  
dated 13-7-1981

V. S. Krishnaswami & Co.,  
"Nagarajan House",  
45, Armenian Street,  
Madras - 600 001. .25

Ref. No. Nil  
dated 10-7-1981

Chitra & Co.,  
No. 165, Linghi Chetty Street,  
Madras - 600 001. .25

Ref. No. Nil  
dated 10-7-1981

Sajjan Kumar Saraf,  
P-14, Sahitya Parisad Street,  
Calcutta - 700 006. 6.00

Ref. No. Nil  
dated 11-7-1981

In the opinion of the Directors the resources of the underwriters are sufficient to enable them to discharge their respective underwriting obligations.

The promoters undertake that in the event of this Public Issue of Equity Shares not being fully subscribed, they shall subscribe the unsubscribed portion of the Shares offered to the public to the extent of 91,800 Equity Shares of Rs. 10/- each which have not been underwritten but included in this issue to make up their contribution towards the project before calling upon the institutional/other underwriters to take up their respective underwriting obligations. No underwriting commission or brokerage will be paid or payable to the promoters in respect of the above shares.

## BROKERS TO THE ISSUE

The following Brokers have consented to act as Brokers to the issue.

### 1. AHMEDABAD

- (a) Champaklal Bhailal Chokshi,  
Manek Chowk, Near Share Bazar,  
Ahmedabad-380 001.
- (b) Rajesh N. Jhaveri,  
Stock Exchange Building,  
Manek Chowk,  
Ahmedabad-380 001.
- (c) Shah Kalyanbhai Mayabhai,  
2242, Mahurat Pole,  
Manek Chowk,  
Ahmedabad-380 001.

### 2. BANGALORE

- (a) M. Nanjappaiah Jahgirder,  
205, Cavalry Road,  
Bangalore-560 042.
- (b) Satyaprakash & Co.,  
3rd Floor, Indian Bank Building,  
Kempegowda Road,  
Bangalore-560 009.
- (c) Vijai & Company,  
9, Eleventh Main Road,  
Malleswaram,  
Bangalore-560 003.



### 3. BOMBAY

- (a) Bhupendra Champaklal Devidas, Bhupen Chambers, Dalal Street, Bombay-400 023.
- (b) Dalal & Broacha, Table No. 6, 5th Floor (East Wing), Stock Exchange Towers, Dalal Street, Bombay-400 023.
- (c) Harish Chandra Gutt & Co., 45/47, Bombay Samachar Marg, Bombay-400 023.
- (d) Indulal Amthalal Gandhi, 906, Stock Exchange Building, Fort, Bombay-400 023.
- (e) Jamnadas Khushaldas & Co., Table No. 37, 4th Floor, East Wing, Stock Exchange Towers, Dalal Street, Bombay-400 023.
- (f) Kantilal Chhaganlal, 29, Bhupen Chambers, Dalal Street, Bombay-400 023.
- (g) Kasturchand Sarupchand, Stock Exchange Towers, 7, East Wing, 4th Floor, Dalal Street, Bombay-400 023.
- (h) L. K. Panday, Maharashtra Bank Building, 45-47, Bombay Samachar Marg, Bombay-400 023.
- (i) M. J. Patel, Room No. 602, 6th Floor, Stock Exchange Towers, Dalal Street, Bombay-400 023.
- (j) Narandas & Sons, Union Bank Building, Dalal Street, Fort, Bombay-400 023.
- (k) N. M. Parikh, Room No. 220, Stock Exchange Towers, Dalal Street, Bombay-400 023.
- (l) Ramniklal R. Parikh, 44, East Wing, 4th Floor, Stock Exchange Towers, Dalal Street, Bombay-400 023.

- (m) Valji Bhimji & Co., 24, Stock Exchange Central Building, Dalal Street, Bombay-400 023.
- (n) Vinay M. Shah, 59, Bazargate Street, Ramazan Building, 1st Floor, Bombay-400 001.
- (o) Vithaldas Ramji Marthak, 95, Stock Exchange Building, Apollo Street, Bombay-400 023.
- (p) Jamnadas Morarjee & Co., 616, Tulsiani Chambers, 6th Floor, 212, Backbay Reclamation, Nariman Point, Bombay-400 021.
- (q) V. B. Desai, Bhupen Chambers, Dalal Street, Bombay-400 023.

### 4. CALCUTTA

- (a) Brijnath Khandelwal & Co., 13, India Exchange Place, Calcutta-700 001.
- (b) Khandelwal Brothers, Wardley House, 25, Swallow Lane, Calcutta-700 001.
- (c) Manik Chand Choraria, 32, Ezra Street, 2nd Floor, Room-269, Calcutta-700 001.
- (d) Sajjan Kumar Saraf, P-14, Sahitya Parisad Street, Calcutta-700 006.

### 5. COCHIN

- (a) Mathew & Company, Mullassery Canal Road, Ernakulam, Cochin-682 001.
- (b) A. Aaron & Co., Congress House, P. B. No. 1003, Hospital Road, Ernakulam, Cochin-682 011.

### 6. DELHI

- (a) Amrit Lal Bajaj & Co., 606, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi-110 001.

- (b) Behari Lal & Co., Stock Exchange Building, Asaf Ali Road, New Delhi-110 002.
- (c) Bharat Bhushan & Co., H-45, Connaught Place, New Delhi-110 001.
- (d) Bhupendra & Co., 49, Stock Exchange Building, Asaf Ali Road, New Delhi-110 002.
- (e) B.D. Agarwal & Co., 9/3, Asaf Ali Road, 3rd Floor, Opp. Foreign Tourist Camp, New Delhi-110 002.
- (f) Dev Saigal & Co., 10, Stock Exchange Building, Asaf Ali Road, New Delhi-110 002.
- (g) Gupta & Company, 17, Model Basti, Rani Jhansi Marg, New Delhi-110 005.
- (h) Harbans Sing Mehta & Co., 33, Regal Building, Parliament Street, New Delhi-110 001.
- (i) H.P. Mehta & Co., 602, Nirmal Tower, Barakhamba Road, New Delhi-110 001.
- (j) J. C. Mehta & Co., 308, Dreamland, 1/18-B, Asaf Ali Road, New Delhi-110 002.
- (k) L. R. Munjal & Co., 46, Stock Exchange Building, Asaf Ali Road, New Delhi-110 002.
- (l) Raja Ram Bhasin & Co., Jewan Mansion, 8/4, D. B. Gupta Road, New Delhi-110 055.
- (m) Ram Nanda & Co., 35, Netaji Subhash Marg, New Delhi-110 002.
- (n) R. K. Chugh & Co., 6 & 54, Stock Exchange Building, Asaf Ali Road, New Delhi-110 002.
- (o) Surinder Rode & Co., P.B. No. 2856, First Floor, 21-B, Bara Bazar Marg, Rajinder Nagar, New Delhi-110 060.



- (p) Surya Kant Co.,  
Delhi Stock Exchange Building,  
Asaf Ali Road,  
New Delhi-110 002.
- (q) S. D. Kapur & Co.,  
59, Stock Exchange Building,  
Asaf Ali Road,  
New Delhi-110 002.
- (r) Vinod Kumar & Co.,  
A-6, Connaught Place,  
New Delhi-110 001.
- 7. HYDERABAD**
- (a) Laxminaryan Rathi,  
4-5-173 & 174,  
Hashmat Gunj, Sultan Bazar,  
Hyderabad-500 001.
- 8. INDORE**
- (a) Govind Das Shrikishan Agrawal,  
97, M. T. Cloth Market,  
Indore-452 002.
- (b) Pushkarlal Ghudawala,  
44, Bada Sarafa,  
Indore-452 003.
- (c) Santosh & Co.,  
29, Denu Market, 1st Floor,  
S.G.S.I.T.S. Road,  
Indore-452 003.
- 9. MADRAS**
- (a) Paterson & Co.,  
Vanguard House,  
48, Second Line Beach,  
Madras-600 001.
- (b) Madan & Co.,  
No. 7, Ramanuja Iyer Street,  
Madras - 600 001.
- (c) Kothari & Sons,  
"Eldorado Buildings",  
Vth Floor,  
112, Nungambakkam High Road,  
Madras - 600 034.
- (d) Subramaniam & Co.,  
49, Second Line Beach,  
Madras - 600 001.
- (e) Swastik & Co.,  
"Mercantile Plaza",  
373-375, N. S. C. Bose Road,  
Madras - 600 001.
- (f) V. S. Krishnaswami & Co.,  
"Nagarajan House",  
45, Armenian Street,  
Madras - 600 001.
- (g) Chitra & Co.,  
165, Linghi Street,  
Madras-600 001.
- (h) Maconochie & Co.,  
"Mercantile Bank Building",  
30, Rajaji Road,  
Madras - 600 001.

## CONSENTS

Consents in writing of the above named Auditors, Managers to the issue, Bankers to the Company, Bankers to the issue to act in their respective capacities have been obtained and filed with the Registrar of Companies, Madras as required by the act and none of them has withdrawn the said consent upto the time of delivery of a copy of this prospectus to the said Registrar of Companies.

M/s. Chaturvedi & Company Chartered Accountants, Auditors of the Company have given their written consent to the inclusion of their report in the form and context in which it appears later in this prospectus and such consent has not been withdrawn upto the time of delivery of this prospectus to the said Registrar of Companies.

## HISTORY AND BUSINESS OF THE COMPANY

The Company was incorporated as a Public Limited Company on 23rd July 1980 under Companies Act, 1956 and obtained the Certificate for Commencement of Business on 22nd September 1980 from the Registrar of Companies, Madras.

The Main objects of the Company as set out in the Memorandum of Association of the Company inter-alia are to produce, manufacture, prepare, process, import, export and generally to deal in Carbon Black Master Batches, rubber compounds, bonded elastomers and other allied rubber products.

## PROMOTORS AND MANAGEMENT

The Company has been promoted by Sri J. K. Saraff and Sri S. C. Saraff well known industrialists. The promoters have rich experience in the manufacture of Rubber and Allied Products for over several years. The promoters are associated with M/s. Oudh Rubber and Plastic Industries Private Limited, Lucknow and M/s. Machine Works (International) Limited, Calcutta.

The Company is managed by Sri Shyam Shahaney, Executive Director, under the supervision and control of the Board of Directors. He is assisted by a team of experienced and qualified technical, financial and administrative experts.

## PROJECT

The Company is setting up a manufacturing project for Carbon Black Master Batches and Metal Bonded Elastomers at Maraimalai Nagar, Industrial Complex, Madras, Tamilnadu with a capacity of producing 7200 metric tonnes per annum. No Industrial Licence is required for the project. The unit has been registered with the Government of India, Directorate General of Technical Development and allotted the Registration No. DGTD/HO/D/S-16R-6350/C24 (ii)/NU/80.

## PLANT SITE

The plant is located at Maraimalai Nagar Industrial Complex Madras, Tamilnadu. The site is well connected by Rail and Road. It is located at G.S.T. Road connecting Madras City and Chingleput. The site is equipped with all other infrastructural facilities.

## LAND AND BUILDING

The Company has purchased lease hold land measuring 14.3 acres from the Madras Metropolitan Development Authority, Madras at a cost of Rs. 9.17 Lacs and the Lease cum Sale Agreement for the same has already been executed on 6-2-1980. It is a developed land and is sufficient for immediate requirements and also for future expansion of the company. The construction of the factory building is nearing completion.

## PLANT AND MACHINERY

The company has already placed orders for the Plant and Machinery with indigenous manufacturers. Orders for other equipments have also been placed to match with the delivery of the



main plant. The main orders have been placed on Farrel Anand Machinery Manufacturing Limited and Richardson Cruddas (India) Limited for Banbury and Mixing mill respectively. Nearly 70% of the Plant and Machinery have already reached the Plant site.

#### RAW MATERIAL

The raw materials required for the products are natural rubber, reinforcing agents, peptisers, accelerators, retreaders, anti oxidants, and vulcanizing agents. The main process is mastication of rubber that is to get raw-rubber into a condition in which it is suitable for mixing, mixing with various ingredients, shaping and vulcanization.

For Carbon Black Master Batches the raw materials will be supplied by M/s. Dunlop India Limited. Raw materials required for Metal bonded items such as buffer springs, draft gear pads for railways are easily available. Rubber which constitutes nearly 60% of the mix is available from Kerala and the other ingredients are available indigenously.

#### PERSONNEL

The Company will provide direct employment and generate indirect employment to about 350 persons including supervisory and administrative personnel. On account of several existing industries in the vicinity of the project site, no problem regarding availability of skilled, semi-skilled and unskilled labour is envisaged.

#### UTILITIES

##### Power

The site is connected with high tension power line. The total requirement for power is estimated at 905 KW projecting a total requirement of 1000 KVA. Sanction for a maximum demand of 1000 KVA with a connected load of 1140 HP + 50 KW lighting load has already been obtained from Tamilnadu Electricity Board vide their letter No. SEC/Dev/DM/HTS/154 & 175/81 dt.2-3-81.

##### Water

The Plant's requirement for water will be met out by supply given by TWAD Board (Tamilnadu Water supply and Development Board). This will be sufficient to meet the water requirement of the Project. Besides this the Company has its own well which can give about 30,000 gallons of water per day which is sufficient to meet the water requirements of the unit.

#### SELLING ARRANGEMENTS

M/s. Dunlop India Limited has agreed vide their letter No. CWM/3984 dt. 29-4-1981 to utilise the Company's Plant capacity for mixing of stock compound to the extent of 20 tonnes per day. Thus the entire production of Carbon Black Master Batches is contracted to be taken by M/s. Dunlop India Ltd. This contract will be for a period of 3 years with an option for renewal for further periods as mutually agreed. The company does not envisage any difficulty in marketing its products.

#### STATUS OF THE PROJECT

The Company has taken possession of the land and the civil work which commenced in February 1981 is nearing completion. The erection of the machinery is likely to be completed in stages and trial production is planned to commence by August 1981. The commercial production is expected to start by September 1981.

#### BUSINESS PROSPECTS

##### Carbon Black Master Batches

This is the main product of the company and is an intermediate semi-process rubber compound used in the manufacture of automotive tyres and other moulded rubber products. The demand for this product is directly proportional to the demand for tyres, thereby to the growth of automotive industry. The compound rate of growth for the automotive industry is expected to be between 5% to 15% per annum for various types of vehicles with an average of 12.5% growth during the next 5 to 6 years as per the report of the 'Working group of Transport Earth moving Agricultural Machinery'. This growth in automobile production ensures an automatic growth in the tyre demand for original equipment and consequently for the Carbon Black Master Batches. Thus the business prospects for the product are very good.

##### Metal Bonded Elastomers

The products in this are buffer springs and draft gear pads which are mainly used for railway wagons. The total production of railway wagons in the country is around 12,000 per annum at present. As per the draft Sixth five year Plan, it is expected that wagon production will go up by 7.94% each year reaching a production of 19,750 wagons by 1985-86. In view of this, the demand for the products would definitely be increasing. Nearly 90% of the wagons at present are produced from factories in Eastern and Southern regions. Setting up a manufacturing unit for production of Metal Bonded Elastomers at Madras, would in view of the nearness to the demand centres be advantageous and no problem whatsoever is envisaged about the growth of the unit and its business prospects.

#### PROFITABILITY AND DIVIDEND

Based on the assessment of future working, the Directors are of the opinion that barring any unforeseen circumstances, the company will earn sufficient profits after providing for depreciation etc., to declare dividend within a reasonable period from the commencement of commercial production.

#### COST OF THE PROJECT

The capital outlay for the project has been estimated as under:

	Rs. in lacs
1. Land and development	10.30
2. Building	15.65
3. Plant & Machinery	72.40
4. Other fixed assets	1.00
5. Electric Installation, M.E.S. Deposit etc.	10.65
6. Preliminary & Pre-operative expenses	7.40
7. Provision for contingencies & escalation	9.60
8. Working Capital Margin	6.30
	<hr/> 133.30

#### SOURCE OF FINANCE

The company will be meeting the above project cost as under:

	Rs. in lacs
1. Equity share Capital	44.30
2. Term Loan—Tamilnadu Industrial Investment Corporation Limited	30.00
3. Term Loan—State Industries Promotion Corporation of Tamilnadu Ltd.	50.00
4. Deferred payment—MMDA Loan for land	7.00
5. Unsecured Loan	2.00
	<hr/> 133.30



## TERM LOANS

Tamilnadu Industrial Investment Corporation Limited and State Industries Promotion Corporation of Tamilnadu Limited have agreed to advance loans of Rs. 30.00 Lacs and 50.00 Lacs respectively.

Name of the Institution	Loan amount sanctioned Rs. in lacs	Rate of interest	Commitment Charges	Repayment Schedule
1	2	3	4	5
Tamilnadu Industrial Investment Corporation Limited. (THIC)	30.00	15.5% per annum. Rebate 2% on prompt payment.	1% per annum will be levied on the undrawn amount of the loan granted	By 11 half yearly instalments. First 2 instalments at Rs. 1.50 Lacs each. Next 4 instalments at Rs. 2.50 Lacs each. Next 4 instalments at Rs. 3.25 Lacs each. Last instalment Rs. 4.00 Lacs.
State Industries Promotion Corporation of Tamilnadu Limited (SIPCOT)	50.00	12.5% per annum with penal interest of 2% per annum for default of either principal or interest or any other dues to SIPCOT.	1% per annum will be levied on the undrawn amount of loan.	By 12 half yearly instalments. First 4 instalments at Rs. 3.75 lacs each. Next 4 instalments at Rs. 4.00 lacs each. Next 3 instalments at Rs. 6.00 lacs each. Last instalment at Rs. 1.00 lac.

Interest payable are subject to the regulations of IDBI and Reserve Bank of India wherever applicable.

### IMPORTANT TERMS AND CONDITIONS OF THE TERM LOANS STIPULATED BY THE FINANCIAL INSTITUTIONS

1. The Financial Institutions shall have the right of nominating their representatives as a Director of the Company.
2. During the Currency of the loan the Company shall not without prior consent of the Financial Institutions declare more than 10% dividend per annum to the share holders or issue any bonus shares.
3. The company should seek the Financial Institutions' prior consent before it embarks on any expansion or for undertaking new project.
4. The Financial Institutions' prior consent is required for any investment or for advancing to other concerns by way of shares or loans.
5. The appointment/re-appointment of the Managing Director or any whole-time Directors as also their remuneration and other terms of appointment shall be subject to the approval of the corporation.

### SECURITY FOR THE LOAN

#### THIC

The loan is secured by execution of a hypothecation deed and creation of a joint Equitable Mortgage over the Company's fixed assets etc. for Rs. 30.00 lacs, to rank on pari passu basis with the charge created in favour of SIPCOT.

#### SIPCOT

The company has created a registered mortgage for Rs. 1.00 lac and Joint Equitable Mortgage for the balance of Rs. 49.00 lacs,

in favour of the Corporation to rank pari passu with the charge created in favour of THIC, by deposit of title deeds of all immovable properties and hypothecation of movable machinery and equipment.

### WORKING CAPITAL

Punjab National Bank have agreed to meet the requirement of working capital of the company to the extent of Rs. 24 lacs vide their letter dated 16-5-1981

### TAX BENEFITS

The Directors of the company have been advised that according to the current laws, the following tax benefits will be available to the company and its members.

#### A. To the Company

1. Under Section 80 I of the Income Tax Act 1961, the Company will be eligible for deduction to the extent of 25% of its profits and gains for the period of 8 years from the year in which the production starts.
2. The company will be entitled to a deduction of one tenth of certain preliminary expenses including the expenses incurred for this issue of shares, for a period of ten successive years subject to the limits provided in Section 35 D of the Income Tax Act, 1961.
3. The company is entitled under Section 32-A of the Income Tax Act, 1961, by way of investment allowance at the rate of 25% of the actual cost of new plant and machinery installed.
4. The company is entitled to double shift and triple shift extra depreciation allowance under the Income Tax Rules 1962. Further under Section 32 (i) (iia) of the Income Tax Act, the



company is also eligible for an additional depreciation allowance (without considering double and triple shift working) of an amount equal to 50% of the normal depreciation on new machinery or plant installed after 31st March 1980.

#### A. To the Members of the Company

1. Members of the company who are individuals, Hindu undivided families or associations of persons referred to in Section 80CC(1) of the Income Tax Act, 1961, will be eligible to a deduction in the computation of taxable income to the extent of 50% of the amount invested in equity shares of the Company, subject to a limit of Rs. 10,000/-.
2. The members of the company, who are individuals, Hindu undivided families are entitled to claim deduction from total income to the extent of Rs. 3,000/- per year in respect of specified income including dividends received from the company under Section 80L of the Income Tax Act, 1961.
3. Members of the company who are themselves domestic companies will be entitled to total exemption from surtax on dividends received by them from the company as also the benefit of a deduction of 60% of the dividends received by them from the company under section 80M of the Income Tax Act, 1961.
4. (i) Under Section 5(1) (xxa) of the Wealth Tax Act, 1957, investment made by a shareholder being an individual or Hindu undivided family in the Equity Shares of the Company will be initially exempted from Wealth Tax for a period of five years commencing from the assessment year next following the date of such shares first issued.

(ii) Even after the expiry of 5 years period referred to above the individual or Hindu Undivided Family will continue to enjoy Wealth Tax exemption benefit provided the value of the investment in shares of the company together with the value of their other assets referred to in Section 5(1) read with Section 5(1A) of the Wealth Tax Act, 1957 does not exceed in the aggregate Rs. 1.5 lacs.

#### AUDITOR'S REPORT

The Directors,  
M/s. Madras Elastomers Limited,  
No. 101, St. Mary's Road,  
Madras 600 018.

Dear Sirs,

We have examined the books of accounts of "MADRAS ELASTOMERS LIMITED" for the period 23rd July 1980 (the date of its incorporation) to 31st May 1981 being the last date to which the accounts of the Company have been made up.

In accordance with the requirements of Clause-24 of Part II of Schedule II of the Companies Act, 1956, we report that:

- (a) No profit and loss account had been made up, as the Company has not earned any income since it is in construction stage and has not carried any manufacturing activity since its incorporation. The expenditure in-

curred during the period is pending allocation to fixed assets and is stated below:

NATURE OF EXPENDITURE	Rs. in 00'S
1. Salary	747
2. Rent	200
3. Printing and Stationery	104
4. Postage, Telegram & Telephones	134
5. Electricity charges	48
6. Travelling and conveyance	369
7. Motor Car Maintenance	353
8. Entertainment expenses	22
9. Legal and other professional charges	526
10. Interest and Bank Charges	478
11. Miscellaneous expenses	102
12. Filing fee	232
13. Insurance	394
14. Advertisement	20
15. House rent allowance	110
16. General expenses	184
17. Repairs and Maintenance	36
18. Books and Periodicals	6
19. Staff Welfare	20
20. Subscription and membership fee	26
21. Freight Charges	79
<b>Total</b>	<b>4,190</b>

The Assets and Liabilities of the company as at 31st May 1981 are as set out below:

	Rs. in 00'S
<b>FIXED ASSETS</b>	
Land and development	2,000
Capital work in progress including advances	59,585
Furniture and fittings	71
Airconditioner	223
Office equipment (Typewriter)	54
Motor Cycle	102
Electrical fittings	11
Preliminary & pre-operation expenses	4,190
	<b>66,236</b>
<b>CURRENT ASSETS AND LOANS AND ADVANCES</b>	
Cash in hand	260
Cash at Bank	2,681
	<b>2,941</b>
<b>LOANS AND ADVANCES</b>	
Advances recoverable in cash or in kind or for value to be received	1,080
	<b>70,257</b>
<b>LESS: LIABILITIES</b>	
Secured Loans	45,532
Unsecured loans	5,808
<b>CURRENT LIABILITIES AND PROVISIONS</b>	
Sundry creditors	1,197
	<b>52,537</b>
<b>Net Assets</b>	<b>17,720</b>



Represented by 1,77,200 Equity Shares of Rs. 10/- each fully paid up

#### NOTES ON ACCOUNT

1. Land has been acquired from Madras Metropolitan Development Authority on Lease cum Sale basis and an amount of Rs. 7.22 lakhs is to be paid on deferred payment basis in eight equal annual instalments.
2. Depreciation has not been provided on the fixed assets.
3. We further report that the company has not declared dividend since its incorporation.

Yours faithfully,  
For CHATURVEDI & COMPANY  
Chartered Accountants  
(Sd.) H. R. SHARMA  
Partner

No. 9 Anderson Road,  
Madras 600 006.  
Date: 30-6-1981.

#### OTHER STATUTORY AND GENERAL INFORMATION: MAIN OBJECTS OF THE COMPANY

The main objects of the company as set out in The Memorandum and Articles of Association of the Company are:

1. To manufacture, produce, purchase, prepare, process, import, export, sell and generally to deal in Carbon Black Master Batches for supply to rubber industries.
2. To carry on the manufacture of sophisticated moulded metal bonded elastomers, rubber buffer springs, draft gear pads, metre gauge rubber springs and elastomeric pads used for rolling stock wagons and coaches of railways, defence equipments and road transport industry.
3. To manufacture retreading materials like tread rubber, camel back latex, foam rubber, plastic products, wholly rubber moulded rubber grooved pads, recoil springs and mountings solid rubber tyres and other allied products.
4. To manufacture wholly rubber moulded, rubber grooved pads, recoil springs and mountings for Railway applications.
5. (a) To manufacture solid or cushion rubber tyres, pneumatic tyres, corded or canvas tyres or other types for air-craft, farm tractor and implements and off the road types like for earth moving machinery.  
(b) To manufacture transportation items used in the assembly of automobiles, aeroplanes, farm machinery, bicycles, Industrial products like belting, hoses, typewriter platens, shock absorbers, sponge rubber, footwear, rubber sheet, clothing sports items, druggists items like hot water bottles, bulbs, gloves, fancy items like toys, balloons, foam products like mattresses, cushions for chairs, railway berths, automobiles.  
(c) To buy, sell or deal in (i) reinforcing materials like carbon black, certain kind of clays (ii) filling materials and (iii) colouring materials suitable for rubber.  
(d) To manufacture, deal in synthetic rubber and products thereof.

#### OBJECTS OF THE ISSUE:

This issue is being made with a view to providing part of the finance required for setting up the project stated elsewhere in this prospectus and also for meeting the expenses of this issue.

#### MINIMUM SUBSCRIPTION

The minimum amount which in the opinion of the Directors must be raised by this issue in order to provide for the sum as required in terms of the Act is Rs. 26,58,000 representing 2,65,800 Equity shares of Rs. 10/- each. The minimum amount on receipt of which the Directors will proceed to make allotment of the shares is Rs. 13,29,000 being the amount payable on application at the rate of Rs. 5/- per share in respect of shares issued to the public for subscription in terms of this prospectus. The subscription of the said amount is assured in view of the underwriting arrangements referred to herein before.

#### EXPENSES OF THE ISSUE

The expenses of the present issue including brokerage fees of the Managers to the issue, stamp duty, printing and publication expenses, legal charges and registration fees, etc. are estimated at Rs. 1,50,000/- which will be met out of the proceeds of this issue.

#### SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION

Name, Address, Description and Occupation	No. of Equity shares subscribed
Jugal Kishore Saraff S/o Sri Motilal Saraff 3, Iron Side Road Ballygunge, Calcutta-19 Industrialist	100
Subash Chandra Saraff S/o Sri Motilal Saraff 3, Iron Side Road Ballygunge, Calcutta-19 Industrialist	100
Anjali Saraff W/o Sri Subhash Chandra Saraff 3, Iron Side Road Ballygunge, Calcutta-19 House Wife	100
Kanta Devi Saraff W/o Sri Jugal Kishore Saraff 3, Iron side Road Ballygunge, Calcutta-19 House Wife	100
Shashi Saraff D/o Sri Jugal Kishore Saraff 3, Iron Side Road Ballygunge, Calcutta-19 Student	100
Shyam Shahaney S/o Late Brig. B. J. Shahaney 101, St. Mary's Road Madras-18 Company Director	100
Ravi Gupta S/o Late Omprakash Gupta No. 4, 8th Street Dr. Radhakrishnan Salai, Madras-4 Business	100



## **UNDERWRITING COMMISSION/BROKERAGE**

Underwriting commission is payable on the shares underwritten at the rate of 2½% of their nominal value.

Brokerage will be paid at the rate of 1% on the nominal value of the shares on the basis of allotment made against the applications received bearing the stamp of a member of any recognised stock exchange in India in the Brokers column. Brokerage at the same rate will also be payable to the brokers and bankers to the issue in respect of allotment made against applications procured by them provided the relative forms of application bear their respective stamps in the brokers column.

## **FEES OF THE MANAGERS TO THE ISSUE**

The managers to the issue, M/s. Chaturvedi & Company, will be paid fees at the rate of ½% on the amount of shares offered to the public.

## **ISSUE OTHERWISE THAN FOR CASH**

The company has not since its incorporation issued any shares or debentures for consideration other than cash, nor has it issued any bonus shares so far.

## **CLASSES OF SHARES**

The company has only one class of shares namely Equity Shares of Rs. 10/- each.

## **PREFERENCE SHARES AND DEBENTURES OR DEBENTURE STOCK**

The company has not issued any preference shares or debentures since its incorporation.

## **PREVIOUS ISSUE**

Except as stated in this prospectus, the company has not issued any shares since the date of its incorporation.

## **ISSUE AT PREMIUM OR DISCOUNT**

No amount has been paid or is payable by way of premium on any shares issued or agreed to be issued by the company at any time so far. The company has also not issued any shares at a discount.

## **PREVIOUS COMMISSION, BROKERAGE AND DISCOUNT ON SHARES**

Except for the underwriting commission and brokerage payable as mentioned in this prospectus no sum has been paid since the date of incorporation of the company till the date of the issue of the prospectus, or is payable as commission or discount for subscribing or agreeing to subscribe or for procuring or agreeing to procure any subscription of shares in the company including the promoters of the company.

## **CAPITALISATION OF RESERVES AND REVALUATION OF ASSETS**

No capitalisation of reserves or profits and revaluation of assets have been made since the incorporation of the company.

## **OPTION TO SUBSCRIBE**

Except as otherwise stated in this prospectus, the company has not entered and does not propose to enter into any contract or arrangement whereby an option or preferential right of any

kind has been or is proposed to be given to any person to subscribe for any shares, debentures of the company.

## **PRELIMINARY AND PREOPERATIVE EXPENSES**

The promoters of the company have incurred preliminary expenses amounting to Rs. 50,000 which have since been reimbursed by the company. An amount of Rs. 3,69,000 has also been incurred by the company thereafter.

## **PROPERTY**

Save as elsewhere stated in the prospectus and excepting the property purchased or acquired under the contracts referred to under the heading 'Material Contracts' wherein are given the particulars required by Clause 12 of part 1 of the Schedule II to the Act, any property which the company has acquired or purchased or propose to acquire or purchase which it is to be paid for wholly or partly out of the proceeds of the present issue or the acquisition of this prospectus, is property:

(a) the contract for the purchase or acquisition whereof was entered into in the ordinary course of business of the company such contracts not being in contemplation of the issue, nor issue in consequence of such contract or

(b) as respect of which the amount of the purchase money is not material.

Except as stated elsewhere, in the prospectus, the company has not purchased any property since the date of incorporation of the company in which any of its promoters or directors had or have any direct or indirect interest or in respect of any payment made thereof.

## **VOTING RIGHTS AND RESTRICTIONS THEREON**

Article 34 provides that subject to any rights or restrictions for the time being attached to any class or classes of shares, (a) on a show of hands, every member present in person shall have one vote, and (b) on a poll, the voting rights of members shall be as laid down in section 87 of the act.

## **RIGHTS OF SHARE HOLDERS IN RESPECT OF CAPITAL AND PROFITS OF THE COMPANY**

The nature and extent of interest of the share-holders in the property and profits of the Company are as provided in the Articles and are in conformity with the Act. Subject to the provisions of the Articles, the profits of the company are divisible among the members in proportion to the amount of capital paid-up or credited as paid on the shares held by them.

## **LIEN ON SHARES**

The Company shall have a first and paramount lien upon all the shares, not fully paid up, registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article 9 of Table A will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the company's lien, if any, on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this Article 10.



## RESTRICTIONS OF TRANSFER OF SHARES

Article 17 provides that the Board may, subject to the right of appeal conferred by Section 111 of the Act, decline to register any transfer of shares (i) to a person of whom they do not approve (ii) on which the company has a lien, (iii) unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the company along with the certificate and such other evidence as the Board may reasonably require to show the right of the transferor or his right to transfer the shares provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account whatsoever.

## DIRECTORS

### Number of Directors

Article 37 provides that unless otherwise determined by the company in General Meeting, number of Directors shall not be less than three and more than twelve.

### Share qualification

Article 41 provides that the Directors of the company are not required to hold any share in the company as qualification shares.

### NOMINEE DIRECTORS

Article 40 provides that any financial or investment Corporation such as the National Industrial Development Corporation, Industrial Finance Corporation of India, The Tamilnadu Industrial Investment Corporation Limited, SIPCOT, SIDCO, TIDCO and other financial Institutions, any banking company or the Central or State Government or a Government body which stipulates nominations of its representative on the Board of Directors of the company as a condition of granting loan to the company and/or guaranteeing any financial obligation of the company shall have the right to appoint one or more Directors on the Board of Directors of the Company as their nominee from time to time during the subsistence of the loan or guarantee and to change or remove such Director(s). Such Director(s) shall not be liable to retire by rotation.

Article 42 provides that subject to the provisions of the Act, the control of the company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the company is authorised to exercise and do provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the company or by these Articles or otherwise, to be exercised or done by the company in General Meeting.

Article 42 further provides that in exercising any such power or doing any such act, thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in the Articles or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in General Meeting. Article 43 provides that no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

### REMUNERATION OF DIRECTORS

Article 48 provides that every Director of the Company shall be entitled to be paid a sum of Rs. 250/- for each meeting of the

Board of Directors or Committee of Directors attended by him. The Directors shall also be entitled to be paid reasonable travelling and other expenses incurred in consequence of their attendance at Board and Committee Meetings and General Meetings of the company and otherwise in the execution of their duties as Directors.

## EXECUTIVE DIRECTOR

Pursuant to the Board Resolution passed on 30th March 1981 and approved at the Extra-ordinary General Meeting of the company held on 15th June 1981, Shri Shyam Shahaney has been appointed as the Executive Director of the Company on the remuneration as detailed below.

Shri Shyam Shahaney was the Chief Executive of the company till the date of his appointment as Executive Director and was drawing the same remuneration. The company has made an application to the Company Law Board under Sections 269 and 198 of the Act and subject to their approval the details of remuneration payable to Shri Shyam Shahaney is as under :

(a) Salary of Rs. 1,400/- per month.

(b) Perquisites :

(i) Rent free accommodation.

(ii) Free use of Company's car for official purposes.

(iii) Medical reimbursement for self and family to the extent of Rs. 1,400/- per annum on submission of bills.

(iv) Re-imbursement of all entertainment, travelling and other expenses actually incurred by him for the business of the company.

(v) Club subscription fee, subject to a maximum of two, clubs.

(vi) Leave Travel concession for self and family limited to Rs. 4,000/- per annum.

As long as he functions as the Executive Director of the Company Shri Shyam Shahaney shall not be paid any sitting fees for attending Board or Committee meeting.

In case of no profit or inadequate profit, the Executive Director will draw the above remuneration as minimum remuneration subject to approval of the Company Law Board.

## BORROWING POWERS

The borrowing powers of the company are contained in Article 44 to 47 of the Articles of Association of the Company. Pursuant to Section 293 (1) (d) and other applicable provisions of the Act, the company has authorised its Board of Directors by resolutions passed at its Extraordinary General Meeting held on 15-6-1981 to borrow money beyond the paid-up capital and free reserves, that is, reserves not set apart for any specific purpose, which together with the moneys if any already borrowed by the Company does not exceed Rs. 200 Lacs at any one time (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) and to give security for the same by way of mortgage and/or charge over the company's entire movable and immovable properties, present and future, together with the power to take-over the management of the company.



## MANAGING DIRECTOR/WHOLETIME DIRECTOR AND HIS POWERS AND REMUNERATION

Article 50 provides that subject to the provisions of the Companies Act, 1956, the Board of Directors shall have power to appoint from time to time one or more of their member(s) as Managing Director or Managing Directors/Wholetime Director of the Company. A Managing Director/Wholetime Director shall not while he continues to hold that office, be subject to retirement by rotation and shall not be taken into account for the purpose of computing the one-third of the total number of Directors liable to retire by rotation under Section 256 of the Companies Act, 1956. If he ceases for any reason to hold the office of Director of the Company he shall ipso facto cease to be the Managing Director/Wholetime Director of the Company.

## INTEREST OF PROMOTERS AND DIRECTORS

All the promoters and Directors are and may be deemed to be interested in the company to the extent of their shareholdings in the company. Except as mentioned in this prospectus, no amount has been paid or is payable to the promoters. All the Directors are interested to the extent of remuneration payable to them as fee for attending the meetings of the Board or committee(s) thereof. They are also interested in daily allowance, hotel expenses and other expenses to which they are entitled. The Executive Director may be deemed to be interested to the extent of remuneration payable to him as mentioned in this prospectus. No Director or Officer of the company has any interest in any of the Bankers and Brokers named herein before.

## PAYMENT TO PROMOTERS AND OFFICERS OF THE COMPANY

Save as stated herein above, the company has not paid any money or given any benefit to any promoter or officer of the company except their normal remuneration, fee and other expenses etc. to which they are entitled or may become entitled under the provisions of the Act.

## INDEMNITY

Article 58 provides that every Director, Agent, Manager Secretary or other officer or servant of the company shall be indemnified out of the funds of the company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Companies Act, 1956 in which relief is granted to him by the Court.

## MATERIAL CONTRACTS AND INSPECTION OF DOCUMENTS

The following are contracts and agreements (not being contracts entered into in the ordinary course of business carried on by the company) which are or may be deemed to be material have been entered by or on behalf of the company since the date of incorporation of the company.

### A. MATERIAL CONTRACTS

1. Lease cum sale agreement with MMDA dated 6-2-80.
2. Letters of underwriting from all underwriters.
3. Loan agreements executed by the company with TIIC and SIPCOT.
4. Purchase orders for main Plant and Machinery.

### B. INSPECTION OF DOCUMENTS

1. Memorandum and Articles of Association of the Company.
2. Certificate of Incorporation of the company dt. 23-7-1980.
3. Certificate of commencement of business dated 22-9-1980
4. Auditors' Report dated 30-6-1981 for the period ended 31-5-1981.
5. Consents of Bankers to the issue and to the company, Managers to the issue, and Brokers to the issue to act in their respective capacities.
6. Consent of Auditors to include their report in the prospectus.
7. Letters from TIIC and SIPCOT sanctioning Term Loans.
8. DGTD registration letter No. RC/2(34)/80/535 dated 24th October 1980.
9. Resolutions as required under Section 81 (1A), 293 (1)(d) of the Act.
10. Consent letter received from Controller of Capital Issues.
11. Working capital loan sanction by Punjab National Bank.
12. Letter No. CWM/3984 dated 29-4-81 from Dunlop India Ltd. agreeing to utilise the company's capacity to the extent of 20 tonnes per day.

## APPLICATION AND ALLOTMENT OF SHARES

How to apply

Applications must be made only:-

- a) on the prescribed application form accompanying this prospectus.
- b) for a minimum of 50 shares or multiples thereof
- (c) in single name or joint names (not more than three)
- (d) in the names of individuals, limited companies or statutory corporations/institutions and not in the names of non-residents or foreign nationals (except as stated herein after), trusts (unless the trust is registered under the Societies Registration Act and is authorised under its constitution to hold shares in the company) minors, firms, or partnership concerns or the nominees of any of them and
- (e) in full name in BLOCK LETTERS IN ENGLISH

## CRITERIA FOR REJECTION

An applicant should submit only one application (and not more than one) for the total number of shares required. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/or the first applicant is one and the same. The Board of Directors reserve the right to reject in their absolute discretion all or any multiple applications.



## APPLICATIONS BY NON-RESIDENT INDIANS/PERSONS OF INDIAN ORIGIN RESIDENT ABROAD

In terms of the relaxation of rules to non-resident investments in India, non-resident Indians/persons of the Indian Origin resident abroad may subscribe to the equity shares hereby offered in accordance with the rules of the Reserve Bank of India. The company will obtain necessary permission in this connection of the Reserve Bank of India and the applicants need not apply direct to the Reserve Bank of India for permission for subscription to the said shares. Allotment of shares to non-resident Indians/persons of Indian origin resident abroad shall be subject to the company obtaining such permission from the Reserve Bank of India. The investment in Equity shares by such non-resident Indians/persons of Indian origin resident abroad, will be allowed to be repatriated along with income on the investment subject to deduction of Indian Taxes provided the investment is made by inward remittance from abroad through normal banking channels or out of funds held on Non-resident (external) Accounts.

Non-resident Indians/persons of Indian origin resident abroad are also eligible to subscribe to the Equity shares hereby offered from their funds held in India or by inward remittance subject to inter alia their giving an undertaking not to seek repatriation of capital or income arising thereon.

## APPLICATIONS UNDER POWER OF ATTORNEY

In the case of applications under power of attorney or by limited companies or corporate bodies, the relevant power of attorney or the relevant authority as the case may be or a duly certified copy thereof must be attached to the application form or lodged separately with the company, for registration.

## RECEIPT OF MONEY

Payment should be made in cash or by cheque/bank draft drawn on a Bank (including a co-operative Bank) which is a member or sub-member of the Bankers' Clearing House located at the centre where the application is submitted. Outstation cheques or bank drafts will not be accepted and applications accompanied by such instruments are liable to be rejected. Money orders will not be accepted. All the cheques or drafts accompanying the applications should be crossed "Account Payee only" and made payable to the Bankers to the Issue with whom the application is lodged and should bear the words "Account: Madras Elastomers Limited 'Equity Issue'." No receipt will be issued for application money. However, the bankers to the issue will acknowledge receipt of the application by stamping and returning the acknowledgement slip at the bottom of each application.

## DISPOSAL OF APPLICATIONS AND MONEYS

The company shall inform the applicants by issue of letter of allotment/letter of regret/share certificate in respect of allotment together with refund order, if any, within two months of the closing of the subscription list or within such period as may be extended by the Madras Stock Exchange in case of unforeseen

circumstances. The Directors reserve full and unqualified right to accept or to reject any application in whole or in part and in either case without assigning any reason. Where the application is rejected in full the whole of the application money received and where the application is rejected in part the balance of the application money received will be adjusted against the amount due on allotment on the shares allotted and the balance if any will be refunded in accordance with the provisions of Section 73 of the Act, to the applicants, by cheque/draft drawn on the Bankers to the issue through post or otherwise at the risk of applicants, payable at par at centres where applications are received. In case of joint applications, refused orders if any will be made out in favour of first name and all communications will be addressed to the applicant whose name appears first in the application at the address specified therein. No interest will be payable on the application money so refunded.

## OVER SUBSCRIPTION

In the event of the present issue of equity shares being over-subscribed the basis of allotment will be made in consultation with the Madras Stock Exchange Limited.

## ISSUE OF SHARE CERTIFICATE

The share certificates will be ready for delivery within 3 months from the date of allotment in exchange of allotment letters issued, if any.

## AVAILABILITY OF FORMS AND PLACES OF ACCEPTANCE

Application forms with copies of the prospectus may be obtained from the Registered office of the company, the Brokers to the issue, the Bankers to the issue named hereinafter and from the branches of the Bankers to the issue as stated in the application form.

All application forms duly completed together with cash/cheque/bank drafts for the amount payable on application at the rate of Rs. 5 per share for the number of shares applied should be delivered before the closing of the subscription list to the Bankers to the issue named herein or to any of their branches mentioned in the application form and NOT to the company or to the Managers to the issue. For further instructions please read the application form carefully.

### Directors

(Sd) J. K. SARAFF  
(by his constituted attorney  
Shri Shyam Shahaney)

(Sd) S. C. SARAFF  
(by his constituted attorney  
Shri Shyam Shahaney)

(Sd) SHYAM SHAHANEY

Place MADRAS

Date 15-7-1981