PART XI

BUY-BACK OF SECURITIES

Synopsis

Important Provisions at a Glance

Sl. No.	Sections	Matters dealt with	e-Form Nos.
1.	77A	Powers of company to purchase its own securities.	4A
2.	77AA	Transfer of certain sums to capital redemption reserve account.	4C
3.	77B	Prohibition for buy-back of shares in certain circumstances.	

Section 77A of the Companies Act, 1956 empowers a company to purchase its own shares or other specified securities in certain cases. It has overriding effects on all other provisions contained in the Act. Now a company may purchase its own shares or other specified securities (hereafter referred to as "buy-back") in the manner provided in sections 77A, 77AA and 77B. Specified securities may include employees' stock option or other securities as may be notified by the Central Government.

1. Sources from which buy-back can be made

As per provisions of section 77A of the Act, the buy-back of shares and securities can be made out of:—

(*i*) its free reserves, or

(*ii*) the securities premium account, or

(*iii*) the proceeds of any issue of shares or other specified securities other than proceeds of an earlier issue of the same kind of shares or same kind of specified securities which are proposed to be bought back.

2. Terms and conditions to be complied before buy-back

The following terms and conditions are required to be fulfilled by a company in order to become eligible to buy-back its own securities:—

(*a*) There must be a provision in the Articles of Association authorising the company to buy-back its own shares, otherwise the Articles must be amended by a special resolution to incorporate a suitable provision. (Appendix 1 for notice of the general meeting)

(*b*) A special resolution must also be passed in a general meeting of the company authorising the Board of directors to buy-back the shares of the company or other specified securities. (Appendix 1) upto 25% of the total paid-up capital and free reserves provided that the buy-back of equity shares in any financial year shall not exceed 25% of its total paid-up equity capital in that financial year.

(*c*) The maximum quantum of buy-back can be upto 10% of the total paid up capital and free reserves by the authority of the Board by means of resolution of the Board meeting.

(*d*) After the buy-back, the debt of the company namely the amount of secured and unsecured debts shall not be more than twice the paid-up capital and free reserves.

According to Notification GSR 479(E) issued by the DCA on 12th June, 2005, the debt equity ratio for listed Housing Finance Companies for the purposes of clause (*d*) of sub-section (2) of section 77A shall be such as may be specified by the National Housing Bank being the regulator, in consultation with the Central Government.

(*e*) All the shares or other specified securities involved for buy-back must be fully paid-up.

(*f*) The buy-back of the shares or other specified securities, if listed in any stock exchange, must be carried out in accordance with the regulations framed by the Securities and Exchange Board of India.

(*g*) The buy-back of the shares or other specified securities, if any of the private company and unlisted public company shall be made as per the guidelines issued by the Government. (Appendix 2)

(*h*) The explanatory statement sent to members along with the notice for passing the special resolution referred to in clause (*b*) above shall contain all relevant information. (Appendix 1)

3. Mode of buy-back

The buy-back may be made as follows:—

(*a*) from the existing security holders on a proportionate basis through the private offer;

(*b*) by purchasing the securities issued to employees of the company under a scheme of stock option or sweat equity.

4. Filing of Declaration with the Registrar of Companies and SEBI

As soon as a company has passed the Board/Special resolution for buy-back and before making the buy-back, the company shall file with the Registrar of Companies in the prescribed Form A attached with the e-Form 62 (Appendix 3) a declaration of solvency duly verified by an affidavit to the effect that the Board of directors has made a full enquiry into the affairs of the company as a result of which they have formed an opinion that it is capable of meeting its liabilities and will not be rendered insolvent within one year of the date of declaration. The declaration of solvency shall be accompanied with an affidavit. The declaration must be approved by the Board and signed by at least two directors one of whom shall be the managing director of the company, if any.

In case of listed companies, a copy of declaration of solvency is also required to be filed with SEBI also. Separate divisions has been given on the CD attached with the Book for listed companies.

5. Pre buy-back activities

Company cannot give any specific offer to a particular member for buy-back of shares, it is required to give Letter of Offer to all the existing members, therefore, there should not be any specific name in the resolution or explanatory statement.

Company is required to take further action in that matter after passing the Board/ Special resolution:—

1. Filing of e-Form 23 electronically with the concerning Registrar of Companies.
2. Preparation and approval of the Board for letter of offer for buy-back of shares.
3. Fixing the record date for buy-back offer.
4. Filing of letter of offer with the concerned Registrar of Companies alongwith the declaration of solvency attached with the e-Form 62 before dispatching of the same to the members. (Appendix 5 & 6)
5. Dispatch the letter of offer to all the members within 21 days from the date after filing with the Registrar. (Appendix 4)
6. Maintain a register for letter of offer dispatched.
7. The letter of offer shall be open for exercise for not less than 15 days and not more than 30 days from the date of dispatch of letter of offer. (Appendix 9)
8. After verification of option, finalise the buy-back of shares within 14 days from the date of the closure of letter of offer. If the option have been exercised by the members for higher number of shares than the offer have been made, then it shall be accepted by the company proportionately. If company has not rejected any application within 21 days from the closure of the letter of offer it will be deemed to have been accepted.
9. Open immediately a separate bank account and deposit the entire amount in that account.
10. Make payment of consideration within 7 days from the finalising of the buy-back.
11. Maintain a register for buy-back of shares and make entries for destroying of the shares bought back.
12. Destroy all the share certificates within 7 days, in presence of a Practising Company Secretary, from the completion of buy-back.
13. Submit a certificate, obtained from two directors of the company and a company secretary in whole time practice for completion and destruction of shares, with the Registrar. (Appendix 5)
14. File a return of buy-back in e-Form 4C electronically with the Registrar. (Appendix 5 & 6)
15. If buy-back has been out of free reserves, a sum equal to the nominal value of securities bought back shall be credited in Capital buy-back reserve account. This account can be utilized for issue of fully paid-up bonus shares.
16. Payment for buy-back shall be made in cash only.
17. The company shall appoint a compliance officer for compliance with the buy back regulations.

6. Circumstances where buy-back is not allowed to a company

No company shall directly or indirectly purchase/buy-back its own shares,—

(*a*) through any subsidiary company or its own subsidiaries, if any;

(*b*) through any investment company or companies;

(*c*) if the company commits a default in the repayment of deposit or payment of interest, redemption of debentures or preference shares or payment of dividend to any shareholder or repayment of term loans or payment of interest to any financial institution which is existing;

(*d*) where a company has not complied with the provisions of sections:—

(*i*) 159 regarding non-filing of annual return;

(*ii*) 207 regarding failure to pay dividend within 30 days of declaration; and

(*iii*) 211 regarding disclosure of true and fair view in the balance sheet.

7. Penalty

If a company makes a default in complying with the provisions of the section or rules or regulations made by the Central Government, the company and every officer, who is in default, shall be punishable with imprisonment upto two years or fine up to Rs. 50,000 or with both.

8. Buy back Rules for Private Limited and Unlisted Public Companies

Text of the Private Limited Company and Unlisted Public Company (Buy-Back of Securities) Rules, 1999 issued by Notification No. GSR 502(E), dated 6-7-1999 are placed at Appendix 2.

Appendix 1

Specimen of notice of General Meeting

NOTICE is hereby given that the 6th Annual General Meeting of the Company will be held at Hotel of Jewel of India, Worli, Mumbai on Monday 25th Sept., 2006 at 1.00 P.M. to transact the following businesses:—

I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31st March, 2006 and the report of the Directors' & Auditors' thereon.
2. To declare dividend.
3. To appoint a director in place of Shri JSA, who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

II. SPECIAL BUSINESS BY SPECIAL RESOLUTION:

5. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as a Special Resolution.

   RESOLVED THAT pursuant to section 31 of the Companies Act, 1956 and all other applicable provisions if any, the Articles of the Company be and is hereby amended and altered by substitution of the Clause No. 4 of the Articles of Association by the following new clause:

   4. "Notwithstanding anything contained in these Articles, but subject to provisions of sections 77A and 77B of the Act, the Company may purchase its own shares or other specified securities (hereinafter referred to "Buy-Back") out of—

   (*a*) its Free Reserve; or

   (*b*) the Securities Premium Account; or

   (*c*) the Proceeds of any Shares or other specified securities, in accordance with the provisions of sections 77A and 77B and Rules prescribed by the Central Government and/or by Securities and Exchange Board of India in this behalf".

6. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as a Special Resolution:

   RESOLVED THAT pursuant to the provision of sections 77A, 77AA and 77B of the Companies Act, 1956 and the Private Limited Company and Unlisted Public Company (Buy-Back of Securities) Rules, 1999 and other applicable laws and regulations, if any, the Company do purchase/buy-back out of free reserves or securities premium account or partly out of free reserves and partly out of securities premium account, or out of the proceeds of any shares or securities, 10,00,000 (Ten Lacs) equity shares of the Company of the face value of Rs. 10 (Rs. Ten only) each, representing approximately 23% of the total number of shares comprised in the paid-up share capital of the Company from the holders of the equity shares at a price of Rs. 12 (Rs. Twelve only) per share.

   FURTHER RESOLVED that the Board of directors of the Company (hereinafter referred to as "the Board" which term shall include any committee which the Board of directors of the Company may have constituted or may hereafter constitute) be and is hereby authorised:—

(*a*) to determine and fix at the appropriate time, the price, not being a price higher than the maximum price specified hereinabove for the proposed buy-back of shares from the existing shareholders on a proportionate basis through the letter of offer;

(*b*) to take all appropriate steps under Rules and Regulations laid down by the Ministry of Company Affairs and all other applicable laws and regulations including appointments of bankers and any other intermediaries, opening of an escrow and special bank accounts and finalising letter of offer and such other documents as may be relevant.

FURTHER RESOLVED THAT nothing contained herein shall confer any right on the part of any shareholder to offer or any obligation on the part of the Company or the Board to purchase/buy-back any share except, as provided under the Rules and Regulations laid down by the Central Government and in the manner and during the period prescribed therein.

FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things which may be necessary, usual, expedient and proper to give effect to this resolution.

BY ORDERS OF THE BOARD
For, AIL (INDIA) LTD.

INDORE JSA
21st Aug., 2006 DIRECTOR

Notes.—

1. Register of members and share transfer book of the Company will remain closed from 18.09.2006 to 25.09.2006 (both days inclusive).
2. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on poll instead of himself and the proxy need not be a Member.
3. Explanatory statement pursuant to section 173 of the Companies Act, 1956 is attached.

Annexure to the Notice

Explanatory statement in accordance with section 173 of the Companies Act, 1956, the following information given in explanation of items of special business set out in the notice of the 6th Annual General Meeting of the Company to be held on 25th September, 2006

Item No. 5

The Companies (Amendment) Act, 1999 has introduced another provision through sections 77A and 77B thereby enabling the Company to buy-back its own shares/securities after complying with the provisions of the section. The Board of directors of the Company therefore, find it suitable to substitute the existing Clause No. 52 of the Articles of the Company by the one as proposed in the Resolution set out under item No. 5, so that the Company's Articles are in consonance with the recent amendments in law.

Alteration in Articles of Association can be made only by passing a special resolution in the general meeting. The resolutions set out in Item No. 5 as a special resolution for approval by the members in terms of section 31 of the Companies Act, 1956 and the Board thus recommends this resolution for members approval. Draft amended copy of the Articles of Association of the Company is available for inspection to the members till the date of the meeting.

None of the directors are concerned or interested in this, except as a member of the Company.

Item No. 6

As required under sections 173(2) and 77A of the Companies Act, 1956, the following details are furnished to the members enable them to take necessary decision for approval of resolution.

The Companies (Amendment) Act, 1999 allows a Company to buy-back its own shares subject to the conditions laid down by the Central Government therein. The proposed buy-back of shares is authorised by the Articles of Association of the Company, *vide* Article 4 as proposed for amendment in Item No. 5 of the Notice.

The explanatory features of the buy-back proposal are set out hereunder in pursuance of the guidelines issued by the Government of India as under:—

1. *Approval of the Board*: The Board of directors at their meeting held on 21.08.2006 has considered and approved the proposal for buy-back of its equity shares by the Company.

2. *Necessity for buy-back*: The main objective of buy-back is to utilise a portion of the surplus cash to buy-back equity shares at a price below its conservatively computed intrinsic value. This offers a reasonably attractive exit option to those shareholders who wish to do while ensuing that the buy-back price is value enhancing to those shareholders who prefer to retain ownership of their stock.

   The equity shares of the Company are not listed on any stock Exchange, as such liquidity is presently not available to the shareholders due to lack of trading facilities in the shares. The Company intends to provide liquidity to the existing shareholders through this buy-back offer to help them to sell the shares at a reasonable price.

3. *Method of buy-back*: The buy-back process shall be initiated through inviting response to letter of offer from the existing shareholders on a proportionate basis. The special resolution set out in the notice seeks such an approval from shareholders.

4. *The maximum amount required under the buy-back and the sources of funds from which the buy-back would be financed*: An amount approximately Rs. 120.00 lacs is required to finance the buy-back of the Equity shares of the Company and the same is proposed to be financed out of the free reserves and/or share premium account partially at the option of the Board.

5. *The basis of arriving at the buy-back price*: While fixing the maximum price of Rs. 12 per share for buy-back, the Board of directors have taken into account the various factors such as the current and future earning per share, return on equity, net worth and other relevant factors.

6. *The Number of shares that the Company proposes to buy-back*: The Company intends to bought back around 10,00,000 (Ten Lakhs) Equity shares of Rs. 10 (Rs. Ten only) fully paid up each constituting approximately 23% of the equity share capital of the Company.

7. (*a*) The aggregate shareholding of the promoter, directors of the promoters (where the promoters is the Company) and of persons who are in control of the Company as on the date of the notice convening the general meeting: 22,00,000 (Twenty-Two Lacs) Equity Shares of Rs. 10 each constituting 50.57% of the issued, subscribed and paid up equity share capital of the Company. The Promoters and persons in control of the Company would not participate in this buy-back;

   (*b*) Aggregate number of equity shares purchased or sold by persons mentioned in (*a*) above during a period of six months preceding the date of the board meeting at which the buy-back was approved till the date of notice convening the general meeting: Nil.

   (*c*) The maximum and minimum price at which purchases and sales referred to in (*b*) above were made along with the relevant dates: Not applicable.

8. *The intention of the promoters and persons in control of the Company to tender shares for buy-back indicating the number of shares, details of acquisition with dates and price*: The Promoters and persons in control of the Company do not intend to offer their shares for buy-back.

9. *A confirmation of defaults, if any in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institution or banks*: The Board confirms that there have been no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any Financial Institutions or Banks.

10. *A confirmation that the Board has made a full enquiry into the affairs and prospects of the Company and that they have formed the opinion to the effect that the Company, after buy-back will continue to meet its liabilities and will not be rendered insolvent*: The Board of directors on

the basis of full enquiry conducted into the affairs and prospects of the Company have formed the opinion—

(*a*) that immediately following the date on which the Annual General Meeting of the Company is held, there will be no grounds on which the Company would be found enable to pay its debts;

(*b*) that as regards its prospects for the year immediately following the date that having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in their view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date, and

(*c*) that in forming their opinion for the above said purposes, the directors have taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

11. A report addressed to the Board of directors by the Company's Auditor on the permissible capital payment and the opinion formed by directors regarding insolvency:

The Company has obtained a report addressed by M/s V.R. Dafria & Co., the Auditors of the Company to the Board of directors to the effect that:—

(*i*) they have inquired into the Company's state of affairs;

(*ii*) the amount of the permissible capital payment for the securities in question is in their view, properly determined; and

(*iii*) the Board of directors have formed the opinion as specified above on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.

12. *The Time-limits for completion of buy-back*: The buy-back is expected to be completed within 12 months from the date of passing of the Special Resolution as permitted under the Companies Act, 1956. Although the Company will endeavour to complete the process at an early date.

13. *The ratio of the debt to capital and free reserves of the Company after buy-back*: The ratio of the debt owed by the Company to its capital and free reserves as at 31st March, 2005 is 0.50:1.00. After the proposed buy-back, this may change to 0.58:1.00 which is well below the statutorily prescribed ratio of 2:1.

14. The shares bought back by the Company will be extinguished and destroyed within the stipulated time.

15. Further, the Company will not make further issue of equity shares within a period of 24 months from the date of completion of the buy-back, except as provided in sub-section (8) of section 77A of the Companies Act, 1956.

The directors of the Company may be deemed to be concerned or interested in this resolution to the extent of increase in the percentage of their relatives shareholdings, if any, in the post buy-back capital of the Company.

The Auditors' Report to the Board of directors of the Company referred above is available for the inspection of the shareholders on any working day of the Company till the date of the Annual General Meeting, between 10.00 a.m. and 12.00 Noon.

Your directors recommend these resolutions as Special Resolutions.

BY ORDERS OF THE BOARD
FOR, AIL (INDIA) LTD.

Indore JSA
21.08.2006 DIRECTOR

Appendix 2

Private Limited Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999

[*Notification No. 502*(*E*), *dated 6-7-1999*]

In exercise of the powers conferred by section 77A of Companies Act, 1956 (*1 of 1956*) *read with sub-section* (*1*) *of section 642 of the said Act, the Central Government hereby makes the following rules, namely*:—

1. Short title and commencement.—(1) These rules may be called the Private Limited Company and Unlisted Public Limited Company (Buy-back of Securities) Rules, 1999.

(2) They shall come into force on the date of their publication in the Official Gazette.[1]

2. Applicability.—These rules shall be applicable to buy-back of equity shares or other specified securities of a Private Limited Company and unlisted Public Limited Company not listed on any recognised stock exchange.

3. Buying-back.—A company may buy-back its shares by either of the following methods:—

(*a*) from the existing shareholders on a proportionate basis through private offers;

(*b*) by purchasing the securities issued to employees of the company pursuant to a scheme of stock option or sweat equity.

4. Special resolution.—For the purposes of passing a special resolution under sub-section (2) of section 77A of the Companies Act, 1956 (1 of 1956) the explanatory statement to be annexed to the notice for the general meeting pursuant to section 173 of the said Act shall contain disclosures as specified in Schedule I.

5. Filing of letter of offer, etc.—(1) The Company which has been authorised by a special resolution shall, before the buy-back of shares, file with the Registrar of Companies a draft letter of offer containing particulars specified in Schedule II.

(2) The Company shall file alongwith the letter of offer a declaration of solvency in Form No. 4A, prescribed under the Companies (Central Government's) General Rules and Forms, 1956 and in accordance with provisions of sub-section (6) of section 77A of the Companies Act, 1956.

6. Offer procedure.—(1) The letter of offer shall be despatched immediately after filing with Registrar of Companies but not later than 21 days from its filing with Registrar of Companies.

(2) The offer for buy-back shall remain open to the members for a period not less than 15 days and not exceeding 30 days from the date of despatch of letter of offer.

(3) In case the number of shares offered by the shareholders is more than the total number of shares to be bought back by the company, the acceptance per shareholder shall be on proportionate basis.

(4) The company shall complete the verifications of the offers received within 15 days from the date of closure of the offer and the shares lodged shall be deemed to be accepted unless a communication of rejection is made within 21 days from the closure of the offer.

7. Payment to the shareholder:—(1) The Company shall immediately after the date of closure of the offer open a special bank account and deposit therein, such sum, as would make up the entire sum due and payable as consideration for the buy-back in terms of these rules.

(2) The company shall within 7 days of the time specified in sub-rule (4) of rule 6 make payment of consideration in cash or bank draft/pay order to those shareholders whose offer has been accepted or return the share certificates to the shareholders forthwith.

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1 Published in the Gazette of India, Part II, Section 3, sub-section (*i*), dated 6-7-1999.

8. General obligations of the company.—(1) The company shall ensure that,—

(*a*) the letter of offer shall contain true, factual and material information and shall not contain any misleading information and must state that the directors of the company accept the responsibility for the information contained in such document;

(*b*) the company shall not issue any shares including by way of bonus till the date of the closure of the offer under these rules;

(*c*) the company shall confirm in its offer the opening of separate bank account testifying the availability of funds earmarked for this purpose and pay the consideration only by way of cash or Bank draft/pay order;

(*d*) the company shall not withdraw the offer once the draft letter of offer has been filed with the Registrar of Companies; and

(*e*) the company shall not utilise any money borrowed from Banks/Financial Institutions for the purpose of buying-back its shares.

9. Return to be filed with Registrar.—A company, after the completion of the buy-back under these rules, shall file with the Registrar a return in the Form specified at Annexure 'A'.

10. Extinguishment of Certificate.—(1) The company shall extinguish and physically destroy the share certificates so bought back in the presence of the Company Secretary in wholetime practice within 7 days from the date of acceptance of the shares.

(2) The company shall furnish a certificate to the Registrar of companies duly verified by (*a*) two whole-time directors including the Managing Director, and (*b*) Company Secretary in whole-time practice, certifying compliance of these rules including those specified in sub-rule (1) above within 7 days of the extinguishment and destruction of the certificates.

(3) The company shall maintain a record of share certificates which have been cancelled and destroyed within 7 days of buy-back of shares.

11. Register of shares.—The company shall maintain a Register of shares bought back by the Company in the Form specified at Annexure 'B'.

Schedule I

(*See* rule 4)

Contents of Explanatory Statement

The Explanatory statement to the notice for special resolution for buy-back shall, *inter alia*, contain the following:—

(*i*) the date of the Board meeting at which the proposal for buy-back was approved by the Board of Directors of the company;

(*ii*) the necessity for the buy-back;

(*iii*) the class of security intended to be purchased under the buy-back;

(*iv*) the method to be adopted for the buy-back;

(*v*) the maximum amount required under the buy-back and the sources of funds from which the buy-back would be financed;

(*vi*) the basis of arriving at the buy-back price;

(*vii*) the number of securities that the company proposes to buy-back;

(*viii*) the time limit for the completion of buy-back;

(*ix*) (*a*) the aggregate shareholding of the promoter and the directors of the promoters, where the promoter is a company and of persons who are in control of the company as on the date of the notice convening the General Meeting;

(*b*) aggregate number of equity shares purchased or sold by persons including persons mentioned in (*a*) above during a period of six months preceding the date of the Board Meeting at which the buy-back was approved from date till date of notice convening the general meeting;

(*c*) the maximum and minimum price at which purchases and sale referred to in (*b*) above were made along with the relevant date;

(*x*) intention of the promoters and persons in control of the company to tender shares for buy-back indicating the number of shares, details of acquisition with dates and price;

(*xi*) a confirmation that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks;

(*xii*) a confirmation that the Board of Directors has made a full enquiry into the affairs and prospects of the company and that they have formed the opinion,—

(*a*) that immediately following the date on which the General Meeting is convened there will be no grounds on which the company could be found unable to pay its debts;

(*b*) as regards its prospects for the year immediately following that date that, having regard to their intentions with respect to the management of the company's business during that year and to the amount and character of the financial resources which will in their view be available to the company during that year, the company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and

(*c*) in forming their opinion for the above purposes, the directors shall take into account the liabilities as if the company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities);

(*xiii*) a report addressed to the Board of directors by the company's auditors stating that—

(*a*) they have inquired into the company's state of affairs;

(*b*) the amount of the permissible capital payment for the securities in question is in their view properly determined; and

(*c*) the Board of directors have formed the opinion as specified in clause (*xii*) on reasonable grounds and that the company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from that date;

(*xiv*) the price at which the buy-back of shares shall be made;

(*xv*) if the promoters intend to offer their shares—

(*a*) the quantum of shares proposed to be tendered; and

(*b*) the details of their transactions and their holdings for the last six months prior to the passing of the special resolution for buy back including information of number of shares acquired, the price and the date of the acquisition.

Schedule II

(*See* rule 5)

Disclosures to be made in the letter of offer

The letter of offer shall, *inter alia*, contain the following:—

(*i*) Details of the offer including the total number and percentage of the total paid up capital and free reserves proposed to be bought-back and price;

(*ii*) The proposed time table from opening of the offer till the extinguishment of the certificates;

(*iii*) Authority for the offer of buy-back;

(*iv*) A full and complete disclosure of all material facts including the contents of the explanatory statement annexed to the notice for the general meeting at which the special resolution approving the buy-back was passed;

(*v*) The necessity for the buy-back;

(*vi*) The process to be adopted for the buy-back;

(*vii*) The minimum and the maximum number of securities that the company proposes to buy-back, sources of funds from which the buy-back would be made and the cost of financing the buy-back;

(*viii*) Brief information about the company;

(*ix*) Audited Financial information for the last 3 years and the company and its directors shall ensure that the particulars (audited statement and un-audited statement) contained therein shall not be more than 6 months old from the date of the offer document together with financial ratios as may be specified by the Central Government;

(*x*) Present capital structure (including the number of fully paid and partly paid securities) and shareholding pattern;

(*xi*) The capital structure including details of outstanding convertible instruments, if any, post buy-back;

(*xii*) The aggregate shareholding of the promoter group and of the directors of the promoters, where the promoter is a company and of the persons who are in control of the company;

(*xiii*) The aggregate number of equity shares purchased or sold by persons mentioned in clause (*xii*) above during a period of twelve months preceding the date of the public announcement and from the date of public announcement to the date of the letter of offer; the maximum and minimum price at which purchases and sales referred to above were made alongwith the relevant date;

(*xiv*) Management discussion and analysis on the likely impact of buy-back on the company's earnings, public holdings, holdings of Non-Resident Indians/Foreign Institutional Investors, etc., promoters holdings and any change in management structure;

(*xv*) The details of statutory approvals obtained;

(*xvi*) (1) A declaration to be signed by at least two whole-time directors that there are no defaults subsisting in repayment of deposit, redemption of debentures or preference shares or repayment of a term loans to any financial institutions or banks;

(2) A declaration to be signed by at least two whole time directors, one of whom shall be the managing director stating that the Board of Directors has made a full enquiry into the affairs and prospectus of the company and that they have formed the opinion—

(*a*) as regards its prospects for the year immediately following the date of the letter of offer that, having regard to their intentions with respect to the management of the company's business during the year and to the amount and character of the financial resources which will in their view be available to the company during that year, the company will be able to meet its liabilities and will not be rendered insolvent within a period of one year from the date;

(*b*) in forming their opinion for the above purposes, the directors shall take into account the liabilities as if the company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities);

(*xvii*) The declaration must in addition have annexed to it a report addressed to the directors by the company's auditors stating that—

(1) they have inquired into the company's state of affairs, and

(2) the amount of permissible capital payment for the securities in question is in their view properly determined; and

(3) they are not aware of anything to indicate that the opinion expressed by the directors in the declaration as to any of the matters mentioned in the declaration is unreasonable in all the circumstances;

(*xviii*) Such other disclosures as may be prescribed by the Central Government from time to time;

(*xix*) The offer document shall be dated and signed by the Board of Directors of the company;

(*xx*) The letter of offer shall contain pre and post buy-back debt equity ratios;

(*xxi*) The debt equity ratio for Housing Finance Companies, as may be specified by the National Housing Bank being the regulator in consultation with the Central Government.

Annexure A

(*See* rule 9)

Companies Act, 1956

[Pursuant to section 77A(10)]

Return on Buy-Back of Securities

1. Name of the Company.
2. Address of Registered Office :
3. Registrar of Companies :
   Registration Number :
4. Income Tax PAN No. :
5. Details of capital as on ....

Sl. No.	*Details of Capital*	*Authorised Capital*	*Subscribed Capital*	*Paid-up Capital*
1	*2*	*3*	*4*	*5*
1.	Equity			
2.	Preference			
3.	Redeemable Preference			
4.	Employees' Stock Option			
5.	Sweat Equity			
6.	Others			
	Total			

6. Free Reserves
   (as defined in clause (*b*) of *Explanation* to section 372A) As on ....
7. Securities Premium Account ...... as on ....
8. Proceeds of any shares or other specified securities ..... as on ....
9. Debts: As on ....
   A. Secured
   B. Unsecured
   C. Total
10. Date of Member's Special Resolution authorising buy-back of securities.
11. Amount of buy-back authorised.
12. Date up to which buy-back authorised to be completed.
13. Date on which earlier buy-back was authorised.
14. Date on which the earlier buy-back was completed.
15. Debt Equity Ratio allowed for the company.
16. Details of Government approval for Debt Equity Ratio higher than 2:1.
17. Whether there is any default in:
    A. Repayment of deposit. Yes/No
    B. Repayment of interest payable on "A" above Yes/No
    C. Repayment of debentures Yes/No
    D. Repayment of Preference Shares. Yes/No
    E. Payment of dividend to Shareholders. Yes/No
    F. Repayment of Term Loans to any Financial Institution/ Bank. Yes/No
    G. Repayment of interest on the "F" above Yes/No

18. Whether there is any default in complying with:
    A. Section 159 (Annual Return)
    B. Section 207 (Payment of Dividend)
    C. Section 211 (Balance Sheet/Profit and Loss Account)
19. Description of securities bought-back by the company:

Sl. No.	*Folio No./Certificate No. of security bought-back* / *Date of Buy-back*	*No. of securities bought-back*	*Category to which they belong (Preference/Equity/ Employees' Stock Option/ Sweat, etc.)*	*Name of the last holder of of security*	*Reference to entry in Members' Register*
(*1*)	(*2*)	(*3*)	(*4*)	(*5*)	(*6*)

*Mode of acquisition a/b/c/d/e**	*Face value of security*	*Buy-back value paid for security*	*Total Consider-ation paid for Buy-back*	*Cumulative total of col. (9)*	*Date of cancelation of security*	*Remarks*
(*7*)	(*8*)	(*9*)	(*10*)	(*11*)	(*12*)	(*13*)

* (*a*) — from the existing security-holders on a proportionate basis
(*b*) — from the open market
(*c*) — from odd-lots of listed securities
(*d*) — from Employees' Stock Option
(*e*) — from Sweat Equity

20. Date of extinguishment of securities.
21. Date of physical destruction of securities.

Signature: ....
Name: ....
Designation: ....

Place: ....
Date: ....

Company Seal

Annexure B

(*See* rule 11)

Companies Act, 1956

[Pursuant to section 77A(9)]

Register on Buy-Back of Securities

1. Date of Member's Special Resolution authorising buy-back of securities.
2. Amount of buy-back authorised.
3. Date up to which buy-back authorised to be completed.
4. Description of securities bought-back by the company:

Sl. No.	*Folio No./Certificate No. of security bought-back* / *Date of Buy-back*	*No. of securities bought-back*	*Category to which they belong (Preference/Equity/ Employees' Stock Option/Sweat, etc.)*	*Name of the last holder of of security*	*Reference to entry in Members' Register*
(*1*)	(*2*)	(*3*)	(*4*)	(*5*)	(*6*)

*Mode of acquisition a/b/c/d/e**	*Face value of security*	*Buy-back value paid for security*	*Total Consideration paid for Buy-back*	*Cumulative total of col. (9)*	*Date of cancelation of security*	*Remarks*
(*7*)	(*8*)	(*9*)	(*10*)	(*11*)	(*12*)	(*13*)

* (*a*) — from the existing security-holders on a proportionate basis
(*b*) — from the open market
(*c*) — from odd-lots of listed securities
(*d*) — from Employees' Stock Option
(*e*) — from Sweat Equity

5. Date of extinguishment of securities.
6. Date of physical destruction of securities.

Signature: ....
Name: ....
Designation: ....

Place: ....
Date: ....

Company Seal

Appendix 3

Specimen of Form 4A

(*See* rule 5C)

Declaration of Solvency

Name of the Company : AIL (INDIA) LTD.
Address (Regd. Office) : 429, Vithalbhai Patel Road, Mumbai
Presented by : Shri JSA, Managing Director

We, JSA, the Managing Director and Shri VSA, Jt. Managing Director, being all the directors of M/s AIL (INDIA) LTD. do:

Solemnly affirm and declare that we have formed the opinion that the Company is capable of meeting its total liabilities and that the Company will not be rendered insolvent within a period of one year from the date of making this declaration.

We append a statement of Company's assets and liabilities as at …..... being the latest date before making of this declaration (Annexure 1).

We further declare that the Company's audited annual accounts including the Balance Sheet have been filed upto date with the Registrar of Companies, Maharashtra.

JSA — VSA
Managing Director — Jt. Managing Director

Verification

And we make this solemn declaration believing the same to be true and we solemnly declare that we have made a full enquiry into the affairs of the Company including assets and liabilities of this Company and that having done so and having noted that the shareholders by a special resolution have approved the buy-back of 10,00,000 (Ten Lacs) number of equity shares as per the provisions of the section 77A of the Companies Act, 1956.

Verified this day the .... day of 20

JSA — VSA

Managing Director: — Jt. Managing Director

Solemnly affirmed and declared at .... the .... day of .... 2005 .... before me.

Commissioner of Oaths and Notary
Public or Justice of the Peace

Annexure 1

Statement of Assets and Liabilities

Statement as at ...……...., 2005 showing assets at estimated realisable values and liabilities expected to rank.

Name of the Company: **AIL (INDIA) LTD.**

	Assets Book Value Rs.	Estimated to Realise Rs.
1. Balance at Bank		
2. Cash in Hand		
3. Marketable Securities		
4. Bills Receivable		
5. Trade Debtors		
6. Loans and Advances		
7. Unpaid Calls		
8. Stock-in-trade		
9. Work-in-progress '*viz.*' ________ ________ ________		
10. Freehold Property		
11. Leasehold Property		
12. Plant and Machinery		
13. Furniture, fittings, utensils, etc.		
14. Patents, Trade Marks, etc.		
15. Investments and other Marketable securities		
16. Other Properties '*viz.*'		
Total		

Liabilities	Estimated to rank for payment (to the nearest Re.)
1. Secured on specific assets *viz.*	
2. Secured by floating charge(s), *viz.*, ...	

3. Estimated cost of liquidation and other expenses including interest accruing until payment of debts in full.
4. Unsecured creditors (amounts estimated to rank for payment)
   (*a*) Trade accounts
   (*b*) Bills payable
   (*c*) Accrued Expenses
   (*d*) Other Liabilities
   (*e*) Contingent Liabilities

Total:

Total Estimated value of assets	Rs. ....…
Less: Total Liabilities	Rs. ....…
Estimated Surplus after paying debts in full.	...........................…. Rs. ....…

Remarks

JSA	VSA
Managing Director:	Jt. Managing Director

* The period to be filled in should not exceed 3 years.

Guidelines for filling the form:—

1. Refer to sub-section (6) of section 77A before filling in this declaration.
2. This form is to be prepared on a non-judicial stamp paper of the requisite value.
3. Once this form is prepared and duly filled up and executed on a non-judicial stamp paper it should be either sworn before the Oath Commissioner or Justice of Peace or notarised by the Notary Public.
4. Before filing with the Registrar of Companies and SEBI or only with Registrar of Companies, the information to be given in this form should be approved by the Board of directors of the Company.
5. This declaration should be signed by two directors of the Company one of whom should be managing director if there is one.
6. This declaration should be filed after passing of the special resolution for buy-back but before making such buy-back.
7. Default in complying with any provisions of section 77A or any rules or regulations made under clause (*f*) of sub-section (2) of that section is punishable with imprisonment of 2 years or with fine of Rs. 50,000 or with both.

Appendix 4

Specimen of Letter to the Shareholders

To,

……………………..
……………………..
……………………..

Sub: Offer for Buy-Back of Equity Shares of the Company

Dear Sir/Madam,

We are pleased to inform you that this is in reference to the special resolution passed by the members at the 6th Annual General Meeting of the Company held on 25th September, 2006 approving buy-back of 10,00,000 fully paid up Equity Shares of the Company.

In this regard the Board of directors have decided to carry out the buy-back in a phased manner. Consequently the Company proposes to buy-back 4,00,000 Equity Shares of Rs. 10 each at an offer price of Rs. 12 per share.

Please find enclosed a Letter of Offer for 4,00,000 fully paid up Equity Shares containing the conditions relating to the buy-back, the time schedule for the process of buy-back and other necessary disclosures in this regard. Also find annexed with the letter a Letter of Offer Form for exercising the option.

We would like to draw your kind attention that in order to exercise the option for buy-back you are required to submit the duly filled up form alongwith requisite share certificates within the time limit specified in the Letter of Offer.

Thanking you,

Yours faithfully,

For, AIL (INDIA) LTD.
JSA
(Managing Director)

Appendix 5

Specimen Certificate for Compliance of Buy-Back Rules

We do hereby certify that **M/S AIL (INDIA) LTD.** has:

1. complied with all the provisions of Private Company and Unlisted Public Company (Buy-Back of Securities) Rules, 1999 and the provisions of section 77A of the Companies Act, 1956 as applicable to the Company for buy-back of its 4,00,000 Equity Shares of the Company in terms of the letter of offer dated ……………; and
2. extinguished and physically destroyed all the share certificates in respect of 4,00,000 Equity Shares so bought-back in our presence on …………..

For, AIL (INDIA) LTD.

JSA
MANAGING DIRECTOR

VSA
JT. MG. DIRECTOR

For, D.K. JAIN & CO.
COMPANY SECRETARIES
DILIP KUMAR JAIN
PROPRIETOR

Place: Indore
Dated: ……………….

Appendix 6

Specimen of Letter of Offer

To the Equity Shareholders of the Company

(This Letter of Offer is in compliance with the Private Limited Company & Unlisted Public Company (Buy-Back of Securities) Rules, 1999)

Offer for buy-back upto 4,00,000 (Four Lacs) Equity Shares at an offer price of Rs. 12 (Rs. Twelve Only) per Equity Share from the shareholders through the Letter of Offer method.

1. The Offer and Buy-Back Price

AIL (India) Ltd. (hereinafter referred to as "The Company" or "Adroit" or "AIL") hereby announces its intention to buy-back upto 4,00,000 (Four Lacs) fully paid-up equity shares, representing about 9.20% of the total paid-up equity shares of the Company of the face value of Rs. 10 (Rs. Ten each), from the equity shareholders of the Company through the letter of offer, in accordance with the Private Limited Company and Unlisted Public Company (Buy-Back of Securities) Rules, 1999, ("the Rules") at a price of Rs. 12 (Rupees Twelve only) per equity share payable in cash, aggregating to Rs. 48.00 Lacs (Rupees Forty-eight Lacs only) (hereinafter referred to as "The Offer Size"), representing 5.13% of the paid-up equity capital and free reserves of the Company as on March 31, 2006.

2. Proposed Date and Time Tables

2.1 The Letter of Offer will be sent to those members of the Company who are registered as Equity Shareholders of the Company and those who are beneficial owners of shares as per the records of the Company as on the date of approval of letter of offer.

2.2 The Special Resolution authorising the buy-back, passed by the shareholders of the Company at their 6th Annual General Meeting held on 25th September, 2006, will be valid for a period of twelve months from that date. The following time table is proposed for the buy-back activities in accordance with the time-limits under the Rules subject to variations in specific dates as may become necessary.

S. No.	*Activities*	*Day*	*Date*
1.	Offer Opens	Monday	27.11.2006
2.	Offer Closes	Thursday	14.12.2006
3.	Finalise acceptance/rejections & basis of acceptances	Saturday	16.12.2006
4.	Dispatch of payment consideration instruments/ equity share certificates as the case may be	Wednesday	27.12.2006
5.	Extinguishment of equity shares	Wednesday	27.12.2006

3. Authority for the Buy-Back

Pursuant to section 77A and applicable provisions of the Companies Act, 1956, if any, the Rules and Article (4) of the Articles of Association of the Company, the present offer for buy-back of equity shares of the Company from the shareholders has been duly authorised by:—

(*a*) a resolution passed by the Board of directors of the Company (hereinafter referred to as "the Board') at their meeting held on 21st August, 2006;

(*b*) a special resolution passed by the shareholders at the 6th Annual General Meeting of the Company held on 25th September, 2006;

(*c*) a resolution passed by the Board at their meeting held on 03rd Nov., 2006 for buy-back in phased manner, presently for 4,00,000 (Four Lacs) Equity Shares only.

4. Contents of the Explanatory Statement to the notice sent to the shareholders convening the 6th Annual General Meeting held on 25th September, 2006

The Companies (Amendment) Act, 1999 and the Private Limited Company And Unlisted Public Company (Buy-Back of Securities) Rules, 1999, (hereinafter referred to as "the Rules") allow a Company to buy-back its own shares subject to the conditions laid down therein. The proposed buy-back of shares by the Company is authorised by the Articles of Association of the Company, *vide* Article 4.

The explanatory features of the buy-back proposal are set out hereunder in pursuance of the said Rules.

1. The date of the Board meeting at which the proposal for buy-back was approved by the Board of directors of the Company: 21.08.2006

2. The necessity for buy-back: The main objective of the buy-back is to utilise a portion of the surplus cash to buy-back equity shares at a price below its conservatively computed intrinsic value. This offers a reasonably attractive exit option to those shareholders who wish to do so while ensuring that the buy-back price is value enhancing to those shareholders who prefer to retain ownership of their stock.

The equity shares of the Company are not listed on any Stock Exchange. As such liquidity is presently not available to the shareholders due to lack of trading facilities in the shares. The Company intends to provide liquidity to the existing shareholders through this buy-back offer to help them to sell the shares at a reasonable price.

3. The Company may specify that the shareholders at the general meeting may authorise the Board of directors of the Company to adopt one of the methods referred in regulation 3 at the appropriate time: The special resolution set out in the Notice seeks such an approval from shareholders as is specified in regulation 4 of the Rules.

4. The maximum amount required under the buy-back and the source of funds from which the buy-back would be financed: An amount of approximately Rs. 120.00 Lacs is required to finance the buy-back of the Equity shares of the Company and the same is proposed to be financed out of the free reserves and/or share premium account partially at the option of the Board. The Board of directors at their meeting held on 03rd Nov., 2006 have considered to buy-back shares in phased manner and presently offers 4,00,000 Equity Shares, which shall require an amount of Rs. 48.00 Lacs.

5. The basis of arriving at the buy-back price: while fixing the maximum price of Rs. 12 per share for buy-back, the board of directors have taken into account the various factors such as the current and future earning per share, return on equity, net worth and other relevant factors.

6. The number of shares that the Company proposes to buy-back: The Company intends to buy-back around 4,00,000 (Four Lakhs) Equity share of Rs. 10 (Rs. Ten only) (fully paid up) each constituting approximately 9.20% of the equity share capital of the Company.

7. (*a*) The aggregate shareholding of the promoters and of the directors of the Company (where the Promoter is a Company) and of persons who are in control of the Company as on the date of the notice convening the general meeting: 22,00,000 (Twenty-Two Lacs) Equity Shares of Rs. 10 each constituting 50.57% of the issued, subscribed and paid up equity share capital of the Company.

(*b*) The aggregate number of equity shares purchased or sold by persons mentioned in (*a*) above during the period of six months preceding the date of the Board meeting at which the buy-back was approved till the date of notice convening the General Meeting: NIL.

(*c*) The maximum and minimum price at which purchases and sales referred to in (*b*) above were made alongwith the relevant dates: NOT APPLICABLE.

8. The intention of the promoters and persons in control of the Company to tender shares for buy-back indicating the number of shares, details of acquisition with dates and prices.

The promoters and persons in control of the Company do not intend to offer their shares for buy-back.

9. A confirmation that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any Financial Institutions or Banks: The Board of directors confirm that there have been no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or Banks.

10. A confirmation that the Board of directors has made a full enquiry into the affairs and prospects of the Company and that they have formed the opinion to the effect that the Company, after buy-back will continue to be able to meet its liabilities and will not be rendered insolvent. The Board of directors confirm that based on a full enquiry conducted into the affairs and prospects of the Company, they have formed the opinion:—

(*a*) That immediately following the date on which the Annual General Meeting of the Company is held, there will be no grounds on which the Company would be found unable to pay its debts.

(*b*) That as regards its prospects for the year immediately following date that having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in their view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date, and

(*c*) That in forming their opinion for the above purposes, the directors have taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

11. A report addressed to the Board of directors by the Company's auditors on the permissible capital payment and the opinion formed by directors regarding insolvency: The Company has obtained a report addressed by M/s V.R. Dafria & Co., the Auditors of the Company to the Board of directors to the effect that:—

(*i*) they have inquired into the Company's State of Affairs;

(*ii*) the amount of the permissible capital payment for the securities in question is in their view properly determined; and

(*iii*) the Board of directors have formed the opinion as specified above on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.

12. The time limit for completion of Buy-Back: The buy-back is expected to be completed within 12 months from the date of passing the special resolution as permitted under the Companies Act, 1956, though the Company will endeavour to complete the process at an early date.

13. The ratio of the debt to capital and free reserves of the Company after buy-back: The ratio of the debt owned by the Company to its capital and free reserves as at March 31st, 2006 is 0.50:1.00. After the proposed buy-back, this may change to 0.53:1.00 which is well below the statutorily prescribed ratio of 2:1.

14. The shares brought back by the Company will be extinguished and destroyed within the stipulated time.

The directors of the Company may be deemed to be concerned or interested in this resolution to the extent of increase in the percentage of theirs and their relatives shareholding, if any, in the post buy-back capital of the Company.

5. Necessity for Buy-Back

5.1 The equity shares of the Company are not listed on any stock exchange. As such liquidity is presently not available to the shareholders due to lack of trading facilities in the shares. The Company intends to provide liquidity to the existing shareholders through this buy-back offer to help them to sell the shares at a reasonable price.

5.2 The offer is expected to sustain and enhance the shareholder's value on a long term basis. At the price offered, the buy-back is also expected to increase the earnings per share of the Company in future and augment shareholder's value.

5.3 AIL (India) Ltd. intends to return the shareholders a part of such surplus funds through a buy-back of equity shares at a price below the conservatively computed intrinsic value. This offers a reasonably fair exit option to those shareholders wishing to do so without hurting the interest of the shareholders who wish to continue to hold their equity shares.

6. Process and Methodology to be adopted for the Buy-Back

6.1 The Buy-Back offer is open to all shareholders of the Company, both registered and unregistered. The Promoter group and the persons in control of the Company, do not intend to offer their equity shares for buy-back. The letter of offer and tender offer form will be mailed to the shareholders of the Company whose names appear on the Register of members of the Company or who are beneficial owner of equity shareholders as on 03rd Nov., 2006, being the specified date.

6.2 During the offer period, the shareholders who intend to tender their equity shares in the buy-back offer, would be required to submit duly filled-in letter of offer form along with share certificates and other relevant documents as specified in the letter of offer, at the Registered office of the Company.

6.3 An unregistered transferee will have to submit a duly executed transfer deed for transfer of equity shares in his/her name to the Registered office of the Company, along with the documents as applicable.

6.4 In the event the equity shares tendered by shareholders at the offer price exceed the total number of equity shares offered to be bought by the Company *i.e.* 4,00,000 (Four Lacs) equity shares, then the equity shares will be accepted on a proportionate basis as per the Regulations.

6.5 The equity shares submitted in physical form to the extent not accepted or rejected will be returned to the shareholders by registered post at the address of the first named shareholder, at the sole risk of the shareholder.

Procedure in respect of NRs/OCBs.

6.6 The attention of sharesholders resident outside India is invited to regulation 10(B) of the Foreign Exchange Management (Transfer of issue of Security by a Person Resident Outside India) Regulations, 2000 whereby transfer by way of sale by a person resident outside India of the equity shares held by him/her to a person resident in India shall require prior approval of the Reserve Bank of India.

6.7 The Company will send along with the letter of offer, the prescribed Form TS-1 to all the shareholders resident outside India who are registered members as on the Specified Date *i.e.* 30th December, 2004 as per the records of the Company. The Letter of Offer Forms from persons resident outside India must be accompanied by TS-1 Forms, duly filled up and signed, to enable the Company to make a consolidated application to RBI for the requisite approval. All such letter of offer along with TS-1 Form and other documents must be sent to the Registered Office of the Company at 429, Vitalbhai Patel Road, Mumbai-400004.

7. Minimum and Maximum No. of securities that the Company proposes to buy-back and sources of funds from which would be made and Cost of Financing the buy-back

The shareholders at their 6th Annual General Meeting held on 25th September, 2006, have approved a price of not less than Rs. 12 per equity share for buy-back of upto 10,00,000 equity shares. Presently the Board proposes to offer 4,00,000 (Four Lacs) out of the 10,00,000 (Ten Lacs) equity shares. However, with the actual offer price of Rs. 12 per equity shares fixed by the Board, the buy-back would involve an aggregate investment of Rs. 48.00 Lacs, presuming that all the 4,00,000 (Four Lacs) equity shares are offered and accepted under the buy-back offer. The funds for the buy-back operation would be available from the cash surplus, current accruals and disinvestment of some of the liquid current assets of the Company. The Company does not intend to raise any debt for the purpose of financing the buy-back.

8. Brief information about the Company

8.1 The Company was converted under the provisions of Chapter IX of the Companies Act, 1956 and obtained a Certificate of Incorporation from the Registrar of Companies, Maharashtra, on 9th January, 1995 in the name and Style of AIL (India) Ltd.

Before conversion the business was carried in the partnership firm since 9th March, 1966 by the promoters/partners and by Memorandum of Articles dated 1st November, 1994, the partners of the Firm have decided to convert their business in the Corporate shape by incorporation of the Public Limited Company under the provisions of Chapter IX of the Companies Act, 1956.

8.2 The Company having three manufacturing plants as under:—

(*i*) 100% Export Oriented Unit (100% EOU) at 50A, Laxmi Bai Nagar, Fort, Indore (MP) 452006.

(*ii*) Manufacturing plant at Sanwer Road, Indore (MP).

(*iii*) Manufacturing plant at Industrial Estate, Dewas (MP).

The Company is engaged in the manufacturing and export of precision auto parts.

8.3 The Company was incorporated with an authorised share capital of Rs. 2.00 Crores (Rs. Two Crores Only) divided into 20,00,000 Equity shares of Rs. 10 each. The Authorised share Capital of the Company was increased to Rs. 5.00 Crores (Rs. Five Crores) divided into 50,00,000 shares of Rs. 10 each.

8.4 The Company has its Registered Office at 429, Vitalbhai Patel Road, Bombay-400004 and corporate office at 50A, Laxmibai Nagar, Fort, Indore (MP).

8.5 AIL has a well-equipped research and development department.

8.6 AIL has issued 3,00,000 Equity shares for consideration other than in cash on 16-2-1995 and allotted at par to partners of Hindustan Springs against acquiring all the assets and liabilities of that firm.

9. Audited Financial Information of the Company

(Rs. in lacs)

Sr. No.	*For the year/ period ended on*	*31-3-2004*	*31-3-2005*	*31-3-2006*	*31-10-2006 (7 months)*
1.	Sales and other income	856.13	991.84	1115.85	266.14
2.	PBDT	149.08	126.58	170.36	26.47
3.	Depreciation	64.78	76.39	92.50	23.25
4.	Profit before Tax	84.30	50.19	77.86	3.22
5.	Provision for Tax	—	—	—	—
6.	Profit after Tax	84.30	50.19	77.86	3.22
7.	Net Profit after prior year's adjustments	84.30	50.19	73.33	3.22
8.	Equity Share Capital	435.00	435.00	435.00	435.00
9.	Reserves and Surplus (net of contingency reserve)	475.86	477.78	499.82	503.04
10.	Networth	885.85	890.53	912.79	916.01
11.	Total debt	497.22	473.52	471.40	332.35
12.	Earnings per share (Rs.)	1.94	1.15	1.69	0.07
13.	Book Value (Rs.)	20.36	20.47	20.98	21.06
14.	Gross Profit/Net Sales and Other Income (%)	19.78	16.18	22.06	9.95
15.	Net Profit/Sales and Other Income (%)	9.84	5.06	6.57	1.21
16.	Net Profit/Networth (%)	9.52	5.64	8.03	0.34
17.	Long Term Debt/Networth (times)	0.56	0.53	0.52	0.35

10. Capital Structure and Shareholding Pattern

10.1 Issued, subscribed and paid up equity share capital of the Company is 43,50,000 of face value of Rs. 10 each. All the issued and subscribed equity shares of the Company are fully paid-up.

10.2 The shareholding pattern of the Company as on 03rd Nov., 2006, and after completion of the Offer (assuming 100% response to the offer) would be as under:—

Sl. No.	*Category of Shareholders*	*Pre buy back No. of shares*	*% to the Existing capital*	*Post buy back No. of shares*	*% of the post equity capital*
1.	Promoter Group and persons in control of the Company being directors of the Company.	2200000	50.57	2200000	55.70
2.	Friends and Business associates of the promoters.	—	—	—	—
3.	Non-Residents and Overseas Corporate Bodies.	—	—	—	—
4.	Others	2150000	49.43	1750000	44.30
	Total	4350000	100%	3950000	100%

10.3 There are no partly paid-up equity shares of outstanding convertible instruments. There are no equity shares under lock-in.

10.4 The paid-up Equity Share Capital includes 3,00,000 Equity shares of Rs. 10 allotted as fully paid up for consideration other than cash and 21,00,000 shares allotted on a premium of Rs. 15.50 per share.

10.5 The promoter group or the persons in control of the Company hold a total of 22,00,000 equity shares of Rs. 10 each aggregating to 50.57% of the issued, subscribed and paid-up Equity Share capital of the Company as on …………… as well as on ………………

10.6 Neither the promoter group nor the persons in control of the Company have purchased or sold any equity shares of the Company during the 12 months preceding the date of this public announcement.

10.7 The promoter group or the persons in control of the company, do not intend to offer any of their equity shares for buy-back against the present letter of offer.

11. The aggregate number of equity shares purchased or sold by persons in the Promoter group and of the directors of the promoters, where promoter is a Company and persons in control of the Company during a period of twelve months preceding the date of the public announcement and from the date of the public announcement to the date of the Letter of Offer; the maximum and minimum price at which purchases and sales referred to above were made along with the relevant date

Aggregate number of equity shares purchased or sold by persons mentioned in above during the period of twelve months preceding the date of the public announcement and from the date of public announcement to the date of Letter of Offer: NIL

The maximum and minimum price at which purchases and sales referred to above were made along with the relevant dates: NOT APPLICABLE

12. Management discussion and analysis on the likely impact of the buy-back on the Company's earnings, public holdings, holdings of NRIs/FIIs, etc., promoters holdings and any change in the management structure

12.1 The buy-back is not likely to cause a material impact on the profitability of the Company, except to the extent of loss of liquid cash and current assets utilised for funding the buy-back.

12.2 Neither the promoter group nor the persons in control of the Company propose to tender equity shares held by them in the proposed buy-back offer. The holding of the promoters after buy-back would be 55.70% of the total equity assuming 100% response to the offer. The buy-back of the equity shares will not affect the existing management structure.

12.3 The percentage shareholding of the Non-Residents and Overseas Corporate Bodies and other shareholders would undergo a change consequent to successful completion of the offer for buy-back depending upon the number of equity shares offered bought back from these shareholders.

12.4 Post buy-back, debt equity ratio, assuming 100% response to the offer, will be well within 2:1 as prescribed under section 77A of the Companies Act, 1956.

13. Details of Statutory Approvals

Buy-back of equity shares from Non-Resident shareholders, will be subject to approval, if any, of the competent authorities, including the Reserve Bank of India, as may be applicable.

14. Details of the Account and amount to be deposited therein

As required under rule 7(1), the Company will open a special bank account with State Bank of Indore, Laxmibai Nagar Branch, Indore, as the amount payable for performance of its obligations. Immediately after the date of closure of the offer, the Company will deposit therein an amount of Rs. 48.00 Lacs (Rs. Forty-Eight Lacs only) or the amount as per the offer accepted by the equity shareholders whichever less as the case may be valid as would make up the entire sum due and payable as consideration for the buy-back.

15. Director's Responsibility

The Board of directors of the Company accepts full responsibility for the information contained in this announcement.

The Board of directors of the Company have approved the letter of offer at their meeting held on 03rd Nov., 2006 and the Company shall file statutory declaration duly signed by two whole time directors of the Company to the Registrar of Companies (Maharashtra) Mumbai to the effect that:—

(*a*) The Board of directors confirm that there have been no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or Banks.

(*b*) The Board of directors confirm that based on a full enquiry conducted into the affairs and prospects of the Company, they have formed the opinion:—

(*i*) That immediately following the date on which the Annual General Meeting of the Company is held, there will be no grounds on which the Company would be found unable to pay its debts.

(*ii*) That as regards its prospects for the year immediately following date that having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in their view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date, and

(*iii*) That in forming their opinion for the above purposes, the directors have taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

For and on behalf of Board of Directors of

AIL (INDIA) LTD.

Place: Indore JSA VSA
Date: 03rd Nov., 2006 Mg. Director Jt. Mg. Director

Appendix 7

Specimen of e-Form 4C

Return in respect of buy-back of securities

[Pursuant to section 77A of the Companies Act, 1956]

Note: All fields marked in * are to be mandatorily filled.

1. (*a*) *Corporate identity number (CIN) of company xxxxxxxxxxxxxxxxx
   (*b*) Global location number (GLN) of company
2. (*a*) Name of the company ADROIT INDUSTRIES (INDIA) LIMITED
   (*b*) Address of the registered office of the company V.B.PATEL MARG
   MUMBAI
3. *Income-tax permanent account number (PAN) ABCDE1234F
4. *Whether the company is listed ☐Yes ☐√No
   If listed, name(s) of stock exchange(s) where listed
   Date(s) of listing
   Other details
5. Name of the merchant banker appointed by company
6. *Details of paid-up capital as on (DD/MM/YYYY)
   [As per latest audited balance sheet]

S. No.	*Details of paid up capital*	*Amount (in Rs.)*
1.	Equity	4,35,00,000
2.	Preference redeemable	
3.	Preference convertible	
4.	Others, if any	
5.	Total	4,35,00,000

7. *Free reserves or securities premium account or proceeds of any shares or other securities or debts as on 31/03/2006 (DD/MM/YYYY)
   (*a*) *Free reserves (in Rs.) 4,99,82,000
   (*b*) *Securities premium account (in Rs.) 0
   (*c*) *Proceeds of any shares or other securities (in Rs.) 0
   (*d*) *Debts Secured (in Rs.)
   Unsecured (in Rs.)
   Total (in Rs.)

8. Date of the special resolution of members authorising buy-back of securities 25/09/2006 (DD/MM/YYYY)
9. *Amount of securities authorised to be bought back (in Rs.) 12500000
10. *Date upto which buy-back of securities to be completed ……… (DD/MM/YYY)
11. (*a*) Date on which earlier buy-back was authorised (DD/MM/YYYY)
    (*b*) Details of earlier buy-back (DD/MM/YYYY)
12. Date on which earlier buy-back was completed (DD/MM/YYYY)
13. (*a*) *Debt to capital and free reserve ratio allowed for company 1:0.89
    (*b*) Details of Government approval for the ratio at serial number '13' above higher than 2:1
14 *Whether there is any default in the following:
   (*a*) Repayment of deposit O Yes O√ No
   (*b*) Repayment of interest payable on deposits above O Yes O√ No
   (*c*) Repayment of debentures O Yes O√ No
   (*d*) Repayment of preference shares O Yes O√ No
   (*e*) Payment of dividend to shareholders O Yes O√ No
   (*f*) Repayment of term loans to any financial institution or bank O Yes O√ No
   (*g*) Repayment of interest on the term loans mentioned above O Yes O√ No
15 *Whether there is any default in complying with the provisions of following sections:
   (*a*) Section 159 (relating to annual return) O Yes O√ No
   (*b*) Section 207 (relating to payment of dividend) O Yes O√ No
   (*c*) Section 211 (relating to balance sheet or profit and loss account) O Yes O√ No
16. Date of payment of consideration to all shareholders from whom securities have been bought back 27/12/2006 (DD/MM/YYYY)
17. *The shareholding pattern after buy-back of securities:

Sr. No.	*Category of security holders*	*Securities held before buy-back as on 15/12/2006 (DD/MM/ YYYY)*	*Securities held after buy-back as on 16/12/2006 (DD/MM/ YYYY)*
1.	Government [Central and State]		
2.	Government companies		
3.	Public financial companies		
4.	Nationalised or other bank(s)		
5.	Mutual funds		
6.	Venture capital		
7.	Foreign holdings (Foreign institutional investors, Foreign companies, Non- resident indians, Foreign financial institutions or Overseas corporate bodies)		
8.	Bodies corporate (not mentioned above)	5,00,000	5,00,000
9.	Directors or relatives of directors	50,00,000	50,00,000
10.	Other top fifty (50) shareholders (Other than mentioned above)	1,50,000	1,50,000
11.	Indian Public	15,00,000	2,50,000
12.	Other		
	*Total number of shareholders in thousands 1		

18. Service request number (SRN) of Form 23 Z999999

Attachments

1. Description of securities bought back by the company. Attach
2. Particulars relating to holders of securities before buy-back. Attach
3. Copy of the special resolution passed at the general meeting. Attach
4. Copy of Board resolution. Attach
5. Optional attachment(s) if any

Declaration

To the best of my knowledge and belief, the information given in this form and its attachments is correct and complete.

I have been authorised by the board of directors' resolution dated * 16/12/2006 (DD/MM/YYYY) to sign and submit this form.

To be digitally signed by

Managing director or director or manager or secretary of the company

JSANAND

For office use only

This e-Form is hereby registered

Digital signature of the authorising officer

Annexure 1 to Appendix 7

- **Specimen of Description of the Securities**
- **Bought back by the Company**

Sl. No.	*Folio No./Certificate number of securities bought back*	*Date of buy- back of securities*	*Number of securities bought back*	*Category to which they belong (Preference/ Equity/ Employees, Stock Options/Sweat equity, etc.)*
(*1*)	(*2*)	(*3*)	(*4*)	(*5*)
1.	L.F.No.000015 C.N.001501 to 002000	16/12/2006	5,00,000	Equity
2.	L.F.No.0000150 C.N.003501 to 005000	16/12/2006	4,00,000	Equity
3.	L.F.No.0000152 C.N.006501 to 007000	16/12/2006	3,50,000	Equity

Name of the last holder of security	*Reference to entry in register of members*	**Mode of buy- back of securities*	*Face value of a security*	*Buy-back value paid for a security*
(*6*)	(*7*)	(*8*)	(*9*)	(*10*)
1. Kotak Mahindra Finance Ltd.	1501	From existing shareholders on proportionate basis	10	50,00,000
2. Medi Caps Ltd.	3001	Do	10	40,00,000
3. Keynote Ltd.	4500	Do	10	35,00,000

Total consi-deration paid for buy-back of securities (Rs.)	*Cumulative total of column 11*	*Date of cancellation of securities bought back*	*Date of exting-uishment of securities bought-back*	*Date of physical destruction of securities bought-back*	*Remarks*
(*11*)	(*12*)	(*13*)	(*14*)	(*15*)	(*16*)
50,00,000	50,00,000	16/12/2006	16/12/2006	27/12/2006	
40,00,000	90,00,000	do	do	27/12/2006	
35,00,000	1,25,00,000	do	do	27/12/2006	

* Indicate whether the securities have been bought back from the existing security-holders in a proportionate basis, or from the open market, or from odd-lots of securities, or from employees' stock option, or from sweat equity, or from any other mode, if so, indicate the mode.

- Annexure 2 to Appendix 1

- **Particulars Relating to the Holders of Securities before buy-back**

Sl. No.	*Date of buy-back*	*Folio number and certificate number of security bought -back*	*Name of the last holder of security*	*Reference to entry in register of members*
1.	16/12/2006	L.F.No.000015 C.N.001501 to 002000	Kotak Mahindra Finance Ltd.	1501
2.	do	L.F.No.0000150 C.N.003501 to 005000	Medi Caps Ltd.	3001
3.	do	L.F.No.0000152 C.N.006501 to 007000	Keynote Ltd.	4500

Annexure 3 to Appendix 7

Specimen of Resolutions

I. General meeting resolution for authority to buy-back shares

RESOLVED THAT pursuant to the provision of sections 77A, 77AA and 77B of the Companies Act, 1956 and other applicable laws and regulations, if any, the Company do purchase/buy-back out of free reserves or securities premium account or partly out of free reserves and partly out of securities premium account, or out of the proceeds of any shares or securities 12,50,000 (Twelve Lakhs Fifty Thousand) Equity shares of the Company of the face value of Rs. 10 (Rs. Ten only) each, representing approximately 17.48%% of the total number of shares comprised in the paid-up share capital of the Company from the holders of the Equity shares at a price of Rs. 10 (Rs. Ten only) per share.

FURTHER RESOLVED THAT the Board of directors of the Company (hereinafter referred to as "the Board" which term shall include any committee which the board of directors of the Company may have constituted or may hereafter constitute) be and is hereby authorised:—

(*a*) to determine and fix at the appropriate time, for the proposed buy-back of shares from the existing shareholders on a proportionate basis through the Letter of Offer.

(*b*) to take all appropriate steps under Rules and Regulations laid down by the Department of Company Affairs and all other applicable laws and regulations, including appointments of bankers and any other intermediaries, opening of an escrow and special bank accounts and finalising Letter of Offer and such other documents as may be relevant.

FURTHER RESOLVED THAT nothing contained herein shall confer any right on the part of any shareholder to offer, or any obligation on the part of the Company or the Board to purchase/buy-back any shares except as provided under the Rules & Regulations laid down by the Central Government and in the manner and during the period prescribed therein.

FURTHER RESOLVED THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things which may be necessary, usual, expedient or proper to give effect to this resolution.

II. Board meeting resolution for approval of letter of offer by the Board for buy - back of Equity shares

The Chairman appraised that the members of the Company at their 6th Annual General Meeting held on 1st October, 2005 have passed a special resolution for approval for buy-back of 12.50 Lacs Equity Shares of Rs. 10 each at a price of Rs. 10.00 per equity share of the Company.

The Board considered that the Company should make offer by buy-back of shares in of 12.50 Lacs Equity Shares and after discussion in detail the Board approved for issuance of Letter of Offer for buy-back of 12,50,000 equity shares of the Company in terms of the special resolution passed by the members at their General Meeting.

The Chairman further placed on table a draft of the letter of offer and Form 4A for declaration of solvency as required under the provisions of the buy-back rules.

The Board passed the following resolutions unanimously:—

RESOLVED THAT in terms of the provisions of section 77A of the Companies Act, 1956, the Private Limited Company and Unlisted Company (Buy-Back of Securities) Rules, 1999, special resolution passed by the members at their General Meeting held on 1st October, 2005 and other applicable provisions, if any, of the Companies Act, 1956 the consent of the Board of directors of the Company be and is hereby accorded for making an offer for buy-back of 12,50,000 (Twelve Lacs Fifty Thousand) Equity Shares at an offer price of Rs. 10 each aggregating to Rs. 125.00 Lacs only and that the offer for buy-back of shares be given to all the members of the Company whose names appears in the Register of members on the specified date *i.e.* 1st April, 2006.

FURTHER RESOLVED THAT The Board of directors of the Company be and is hereby declare and confirm that:—

(*a*) there have been no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or Banks.

(*b*) based on a full enquiry conducted into the affairs and prospects of the Company, they have formed the opinion—

- (*i*) that immediately following the date on which the Annual General Meeting of the Company is held, there will be no grounds on which the Company would be found enable to pay its debts;
- (*ii*) that as regards its prospects for the year immediately following date that having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in their view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent with in a period of one year from that date; and
- (*iii*) that in forming their opinion for the above purposes, the directors have taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

FURTHER RESOLVED THAT the draft Letter of Offer for buy-back of 12,50,000 fully paid up Equity Shares of Rs. 10 each at an offer price of Rs. 10 per share and Declaration of Solvency in Form 4A, as placed before the Board duly initialed by the chairman for the purpose of identification be and is hereby approved and Shri JSA, the Chairman & Managing director and Shri VSA, the Jt. Managing Director of the Company be and are hereby authorised to authenticate and sign the Declaration of Solvency and issue the Letter of Offer for and on behalf of the Company.

FURTHER RESOLVED THAT Shri JSA, the Chairman and Managing Director of the Company and/or Shri D.K. Jain, the Company Secretary in practice be and is hereby authorised to make any corrections, amendments, deletions, additions and to give any information, explanation, declaration and confirmations as may be required by the concerning authorities and to file the same with the Registrar of Companies, Mumbai.

FURTHER RESOLVED THAT Shri JSA, the Chairman and Managing Director and/or Shri VSA, the Jt. Managing Director of the Company be and are hereby authorised to execute and sign all such documents and to do all such acts, deeds and things as may be incidental to and ancillary for completion of the buy-back of the shares of the Company.

III. Board meeting resolution for finalisation of buy - back of shares

The Chairman placed before the Board a register for buy-back of equity shares alongwith the original application and the share certificates received for buy-back of 12,50,000 Equity Shares of Rs. 10 each in terms of the letter of offer, dated 1st April, 2006. The Board considered and after detailed discussion passed the following resolutions unanimously.

RESOLVED THAT pursuant to the provisions of section 77A of the Companies Act, 1956, the consent of the Board of Directors of the Company be and is hereby granted to buy-back 12,50,000 equity shares of Rs. 10 each @ Rs. 10 per share, aggregating Rs.125.00 Lacs (Rs. One Crore Twenty-Five Lacs Only) in terms of the letter of offer, dated 1st April, 2006 as per the statement of shares received for buy-back as placed before the Board, duly initialed by the Chairman for the purpose of identification.

FURTHER RESOLVED THAT the consideration for buy-back of shares be paid to all such applicants in terms of the Private Limited Company and Unlisted Public Limited Company (Buy-Back of Securities) Rules, 1999 as per the statement placed before the Board.

FURTHER RESOLVED THAT the share certificates of 12,50,000 Equity Shares as per the statement placed before the Board duly initialed by the Chairman for the purpose of identification be and is hereby canceled and extinguished by the Company and the same be physically destroyed in the presence of a Company secretary in whole time practice and Shri JSA, the Managing Director and Shri VSA, the Jt. Managing Director of the Company.

FURTHER RESOLVED THAT Shri JSA, the Managing Director and/or Shri VSA, the Jt. Managing Director of the Company be and is hereby authorised to file a return for buy-back of shares and certificate for compliance of buy-back of shares to the Registrar of Companies, Maharashtra , for and on behalf of the Company.

Appendix 8

Specimen for Auditors' Certificate

Indore, 31st December, 2006

To,

The Board of Directors
AIL (India) Ltd.
429, Vittalbhai Patel Road,
Mumbai- 400004

Certificate

We, the Auditors of the Company do hereby certify that in relation to the buy-back of 4,00,000 Equity Shares of the Company pursuant to the provisions of section 77A of the Companies Act, 1956 read with the provisions of the Private Limited Company & Unlisted Public Company (Buy-Back of Securities) Rules, 1999. We have inquired into the affairs of the Company and are of the view that:

(1) the amount of permissible capital payment for the Equity Shares offered for buy-back of 4,00,000 fully paid up Equity Share of Rs. 10 each at an Offer Price of Rs. 12 are properly determined;

(2) there is nothing to indicate that the opinion expressed by the directors in the declaration is unreasonable in all the circumstances.

For, V.R. Dafaria & Co.
Chartered Accountants
R.V. Dafaria
Partner

Appendix 9

Specimen of Form of Acceptance and Authority

(All terms and expressions used herein shall have the same meaning as prescribed thereto in the Letter of Offer)

Dated …

L.F. No.: ……...

Shares held

****

From

Mrs. ABC
Amardeep Bldg.,
Dhanpathor Nagar,
Santacruz (W), Mumbai

To

Board of Directors
AIL (India) Ltd.
429, Vithalbhai Patel Road,
Mumbai - 400 004

Dear Sir/s,

Sub: **Offer for buy-back upto 4,00,000 (Four Lakh) Equity Shares representing 9.20% of the total paid up equity share capital of the AIL (INDIA) LTD. ("AIL") in terms of the Letter of Offer, dated 03rd Nov., 2006 (referred to as the Letter of Offer) at an Offer Price of Rs. 12 per Equity Share.**

I/We refer to the Letter of Offer, dated 03rd Nov., 2006 for buy-back of the Equity shares held by me/us in the Company, in terms of the special resolution passed by the members at their 6th Annual General Meeting held on 25th Sept., 2006 and the resolution passed by the Board on 03rd Nov., 2006.

I/We the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

EQUITY SHARES CERTIFICATES

I/We holding Shares and accept the Offer and enclose the original share certificate(s) in respect of my/ our Shares offered for buy-back as detailed under:

L.F. No.	*Certificate No.*	*Distinctive Nos.*		*No. of shares*
		From	*To*	
Total number of shares				

I/We understand that the original share certificates, form of acceptance duly filled in will be held in trust for me/us by the Board of directors until the time the Board of directors make payment of consideration as mentioned in the Letter of Offer. I/We also understand that the Board of directors will pay the buy-back consideration only upon the acceptance by them of the Shares tendered and only after verification of the documents and signatures.

I/We confirm that the Shares of "AIL" being tendered by me/us under the offer are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorise the Board of directors to accept the Shares so offered in terms of the Letter of Offer and I/We further authorise the Board of directors to return to me/us share certificate(s) in respect of which the offer is not found valid/not accepted specifying the reasons thereof.

I/We irrevocably authorise the Board of directors or their nominees to send by Registered Post/U.P.C. as may be applicable at my/our risk the Cheque/Demand Draft in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the Sole/First holder whose name and address is set out above in full and final settlement of the amount due to me/us.

I/We authorise the Board of directors to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We further authorise the Board of Director to split/consolidate the share certificates comprising the shares that are not bought-back to be returned to me/us and for the aforesaid purposes the Board of directors are hereby authorised to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Yours faithfully,
Signed and Delivered

Full names of the holders		Signatures
Sole or First holder		
Second holder (if any)		
Third holder (if any)		

Date ………..

So as to prevent fraudulent encashment in transit, the shareholder(s) may at their option provide details of bank account of the first/sole shareholder and the consideration cheque/demand draft will be drawn accordingly.

Savings/Current A/c No.	
Full name of Bank & Branch, Address	

Instructions

1. All queries pertaining to this Offer may be directed to the Board of directors at the address of the Registered Office of the Company.
2. In case of joint holdings, all the holders (including joint holders) must sign this Acceptance Form.
3. In case of bodies corporate, certified copies of the Board resolution authorising the sale of shares along with specimen signatures duly attested by a Bank must be annexed. The Common Seal should also be affixed.
4. Persons who own shares (as on the specified date or otherwise) but are not registered holders of such shares and who desire to accept the offer, will have to communicate their acceptance in writing to the Board of directors together with share certificates and other relevant documents. Persons under this clause should submit their acceptance and necessary documents by Registered Post or courier or in person to the Board of directors at the Registered Office of the Company.
5. The sole/first holder may also mention particulars relating to savings/current account and the name of the Bank and Branch with whom such account is held in the respective spaces allotted in the Form of Acceptance, to enable the Board of directors to print the said details in the cheques after the name of the payee.
6. Please send the Acceptance Form along with all relevant documents to the Board of directors, by Registered Post with acknowledgement due or by hand delivery or by courier as applicable as mentioned in the Letter of Offer, so as to reach the Board of directors at the Registered Office of the Company within the stipulated time.

Acknowledgement Slip

Ledger Folio No. : ………………………… Received from : …………………………

An application for offer of ………………………… Equity Share(s) of AIL (INDIA) LTD. together with ………………………… share certificate(s) under the Buy-Back Offer by the Board of directors of AIL (India) Ltd.

Date of Receipt	Signature of Official	Stamp of the Company

All future correspondence if any, should be addressed to

AIL (INDIA) LTD.
429, Vitalbhai Patel Road,
Mumbai - 400 004