

# **AVI PHOTOCHEM LIMITED**

**(CIN: L24200MH1989PLC050913)**

NOTICE FOR  
EXTRA-ORDINARY GENERAL MEETING  
TO BE HELD ON  
MONDAY THE 29<sup>TH</sup> DAY OF DECEMBER, 2014

AT 3.00 P.M. AT REGISTERED OFFICE OF THE COMPANY  
AT 110, MANISH IND ESTATE NO.4, NAVGHAR ROAD,  
VASAI – EAST, DIST: THANE – 410210

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**AVI PHOTOCHEM LIMITED**  
**(CIN: L24200MH1989PLC050913)**  
**Regd Office: 110 MANISH INDL ESTATE NO 4, NAVGHAR,**  
**VASAI (EAST), DIST: THANE 401210**  
**Email: avichem@vsnl.com / Website: www.aviphoto.in**

**NOTICE**

NOTICE is hereby given that an Extra Ordinary General Meeting of the Members of the Company will be held on Monday, the 29<sup>th</sup> day of December, 2014 at 3.00 p.m. at registered office of the Company situated at 110, Manish Ind Estate No.4, Navghar Road, Vasai – East, Dist: Thane – 410210 to transact the following businesses:

To consider that if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to BSE No Objection Letter dated November 14, 2014, the provisions of Section 100 to 104 and other applicable provisions, if any, of the Companies Act, 1956, (Including any statutory re-enactment or amendment thereof), applicable provisions of Companies Act, 2013 and approval of Hon'ble High Court of Judicature of Bombay at Maharashtra ('Bombay High Court'), the Paid up Equity Share Capital of the Company be reduced from Rs.3,48,00,760/- divided into 34,80,076 Equity Shares of Rs.10/- each fully paid-up to Rs. 1,04,40,220/- divided into 10,44,022 equity shares of Rs.10/- each and that such reduction of Rs. 2,43,60,540/- (Rupees Two Crores Forty Three Lacs Sixty Thousand Five Hundred Forty Only) be effected by cancelling 24,36,054 Equity Shares in Equity Paid up Share Capital to the extent of 70 equity shares for every 100 equity shares held which has been lost or is represented by accumulated losses of Rs. 2,54,01,502/- as per the Audited accounts as on 31<sup>st</sup> March, 2014."

**"RESOLVED FURTHER THAT** in respect of fractional shares, if any, caused by reduction of capital, the same shall be rounded off to 1 (One) Equity share of Rs. 10/- each and the same would be allotted to the shareholders. Simultaneously, the increase in number of shares due to rounding off will be foregone by Mr. Avinash D. Vora (DIN NO. 02454059), one of the promoters of the Company, thus keeping the paid-up capital intact to Rs. 1,04,40,220/- (Rupees One Crore Four Lacs Forty Thousand Two Hundred and Twenty only) as on Record date which will be fixed by the Company with the approval of Statutory authorities in this regard."

**"RESOLVED FURTHER THAT** the Directors of the Company, be and are hereby severally authorised to do all such other acts, matters, deeds and things necessary or desirable in connection with or incidental thereto for giving effect to the above resolution including but not limited to:

- (i). Settling, finalising, executing and filing all necessary documents including the petitions, affidavits, pleadings and such other documents as may be required to be filed with the Hon'ble High Court of Judicature of Bombay at Maharashtra or any other authority and such further deeds, documents and writings as may be necessary in this regard;
- (ii). Making applications to the relevant authorities or other persons for their approval to the said reduction, as may be required;
- (iii). Making such disclosures to governmental or regulatory authorities as may be required;
- (iv). Making applications, for corporate action for issue of shares giving effect to various approvals and Order of the High Court that may be passed to give effect to reduction of capital, and listing of equity shares at the Stock Exchanges where the shares of the Company listed;
- (v). Affixing the Common Seal of the Company in accordance with the provisions of the Articles of Association of the Company on any documents in connection with the above resolution, as may be required; and
- (vi). Settling all questions, difficulties or doubts that may arise in connection with the reduction of capital as it may, in its absolute discretion, deem fit."

Place: Thane  
Date: 29.11.2014

**By Order of the Board of Directors**  
Sd/-  
**Whole-time Director**  
**Avinash D. Vora**  
**(DIN: 02454059)**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.



Revenue stamp should be affixed on the proxy Form. Forms which are not stamped are liable to be considered invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy Form, for identification purposes. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Item No. 1 mentioned in the above Notice is annexed hereto.

2. Electronic copy of the Notice of the Extra Ordinary General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email-ids are registered with the Company /Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Extra Ordinary General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

3. Members may also note that the Notice of Extra Ordinary General Meeting will also be available on the company's web-site [www.aviphoto.in](http://www.aviphoto.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's registered office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [avichem@vsnl.com](mailto:avichem@vsnl.com)

#### VOTING THROUGH ELECTRONIC MEANS:

1. According to section 108 of Companies Act, 2013, read with Rule 20 of Companies (Management and Administration) Rules, 2014 e-voting is mandatory for all listed Companies or Companies having Shareholders not less than one thousand.

2. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the Extra Ordinary General Meeting (EGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (I) Limited (CDSL).

3. A member may exercise his vote at any general meeting by electronic means and company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.

4. During the e-voting period, members of the Company, holding shares either in physical form or dematerialized form, as on a fixed date, may cast their vote electronically.

5. The e-Voting shall remain open from 24<sup>th</sup> December, 2014(9.30a.m.) till 24<sup>th</sup> December, 2014(5.30p.m.).

6. \*E-Voting shall be completed three days prior to the date of Extra Ordinary General Meeting which is scheduled to be held on 29<sup>th</sup> December, 2014.

7. The Board of Directors at their meeting have appointed Mr. Anish Gupta, Practicing Company Secretary (Membership No. F5733) as the scrutinizer for e-Voting to unblock the votes in favour or against, if any, and to report forthwith to the Chairman. The scrutinizer will be responsible to conduct e-Voting in a fair and transparent manner.

8. Vote once casted by the member cannot be changed/ altered.

#### The instructions for e-voting are as under:

1. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)

2. Click on "Shareholders" tab

3. Now, select the "AVI PHOTOCHEM LIMITED" from the drop down menu and click on "SUBMIT"

4. Now Enter your User ID

5. For CDSL: 16 digits beneficiary ID.

6. For NSDL: 8 Character DP ID followed by 8 Digits Client ID.

7. Members holding shares in Physical Form should enter Folio Number registered with the Company.

8. Next enter the Image Verification as displayed and Click on Login.

9. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

10. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login.</li> <li>If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field</li> </ul>

11. After entering these details appropriately, click on "SUBMIT" tab.
12. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
13. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
14. Click on the relevant EVSN for "Avi Photochem Limited" on which you choose to vote.
15. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
16. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
17. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
18. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
19. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
20. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
21. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- Please follow all steps from sl. no. (i) to sl. no. (xvii) Above to cast vote.
  - The voting period begins on 24<sup>th</sup> December, 2014(9.30a.m.) till 24<sup>th</sup> December, 2014(5.30p.m.) During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 28<sup>th</sup> November, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
22. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  23. The e-Voting period commences on 24<sup>th</sup> December, 2014(9.30a.m.) till 24<sup>th</sup> December, 2014(5.30p.m.) During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of i.e. 28<sup>th</sup> November, 2014, may cast their vote electronically. The e-Voting module shall also be disabled by CDSL for voting thereafter. Once the vote on a resolution is casted by the shareholder, the shareholder will not be allowed to change it subsequently.
  24. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on, 28<sup>th</sup> November, 2014.
  25. Since the Company is required to provide facility to the members to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 28<sup>th</sup> November, 2014 and not casting their vote electronically, may cast their vote at the Extra Ordinary General Meeting.
  26. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  27. The Results shall be declared on or after the Extra Ordinary General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.aviphoto.in](http://www.aviphoto.in) and on the website of CDSL within two (2) days of passing of the resolutions at the Extra Ordinary General Meeting of the Company on 29<sup>th</sup> December, 2014 and communicated to the BSE Limited.

**ANNEXURE TO THE NOTICE**

**Explanatory statement pursuant to Section 102 of the Companies Act, 2013.**

**Reduction of Share Capital of the company.**

The Company is a public limited company. It was incorporated on 7<sup>th</sup> March 1989. The existing issued and paid-up share capital of the Company is Rs. 3,48,00,760/- divided into 34,80,076 Equity Shares of Rs.10/- each fully paid-up.

The Company's Equity Shares are listed on BSE Ltd.



As at 31.03.2014, the Company had an accumulated losses of Rs. 2,54,01,502/-. The Capital Reduction, which has the effect of setting off the accumulated losses to the extent of Rs. 2,43,60,540/- of the Company against the credit arising on the Capital Reduction, was designed to ensure that the Company balance sheet speaks true and fair view.

The reduction of capital was proposed in accordance with the provisions of Sections 100 to 104 of the Companies Act, 1956 read with Section 101(3) thereof, whereby the paid-up Equity Share Capital of the Company may be reduced and that such reduction be effected by cancelling and extinguishing up to 70 per cent of the total Paid-up Equity Share Capital of the Company.

The Company had proposed that the decision to reduce paid up equity share capital be taken pursuant to a Special Resolution passed in accordance with the provisions of Section 100 to 104 of the Companies Act, 1956 to reduce its existing paid-up Equity Share Capital.

Subsequently, Company had filed application seeking in-principle approval from BSE. It has received BSE approval vide letter no. DSC/AMAL/PS/24(F)/209/2014-15 dated 14<sup>th</sup> November, 2014. As a result, the Company has to file a petition with the Hon'ble High Court of Judicature of Bombay at Maharashtra for confirmation of the reduction resolution proposing a detailed mechanism for reduction of the paid up equity share capital of the Company.

There shall be no change in the Share holding pattern of the Company between Pre-reduction and Post-reduction of the Share Capital except the Paid-up Equity Share Capital of the Company shall be reduced to Rs. 1,04,40,220/- (comprising of 10,44,022 Equity shares of Rs. 10/- each Paid-up) from existing Rs. 3,48,00,760/- and that such reduction of Rs. 2,43,60,540/- be effected by cancelling Equity Shares in Paid up Equity Capital to the extent of 70 equity shares for every 100 equity shares held and in respect of fractional shares, if any, caused by reduction of capital, the same shall be rounded off to 1 (One) Equity share of Rs. 10/- each and the same would be allotted to the shareholders of the Company as on Record date which will be fixed by the Company with the approval of Statutory authorities in this regard.

The proposed reduction will be for the benefit of the Company and its shareholders, creditors and all concerned as a whole. Such reduction will also not cause any prejudice to the creditors of the Company. The reduction of capital does not involve either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital. The creditors of the Company are in no way affected by the proposed reduction of the share capital. Further, the proposed adjustment would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

The share capital structure of the Company as on date (i.e., before reduction of capital) and after reduction of capital as contemplated under the Scheme is set out below:

(Amount in Rupees)		
Particulars	Pre – Scheme (Before Reduction)	Post –Scheme (After Reduction)
<b>Authorized</b>		
35,00,000 Equity Shares of Rs. 10/- each	3,50,00,000/-	3,50,00,000/-
<b>Issued, subscribed and paid-up</b>		
34,80,076 Equity Shares of Re. 10 /-each fully paid up.	3,48,00,760/-	----
<b>Paid-up Capital</b>		
10,44,022 Equity Shares of Re. 10/-each fully paid up.	----	1,04,40,220/-

The Pre and Post Shareholding pattern of the Company (i.e., before reduction of capital) and after reduction of capital as contemplated under the Scheme is set out below:

Sr. No.	Category of Shareholder	Pre – Arrangement (Before Capital Reduction)		Post – Arrangement (After Capital Reduction)	
		Total Number of Shares	As a % of holding	Total Number of Shares	As a % of holding
1.	Promoter	8,36,476	24.04	2,50,942	24.04
2.	Public	26,43,600	75.96	7,93,080	75.96
3.	<b>Total</b>	34,80,076	100.00	10,44,022	100.00

The Board of Directors of the Company accordingly recommends the Special Resolution for approval by the members.

Mr. Avinash D. Vora (DIN NO. 02454059), Mr. Vikram A. Vora (DIN NO. 02454043) and Mr. Pradeep H. Joshi (DIN NO. 02416091) are interested directors, none of the other directors are interested-

**The following documents are being attached alongwith this notice:-**

1. Valuation report issued by M/s S. Shah & Associates, Chartered Accountants in relation to the scheme of arrangement of reduction of capital;
2. Fairness Opinion Report of M/s Comfort Securities Limited, Merchant Bankers in relation to the scheme of arrangement of reduction of capital;
3. Complaint Report; and
4. No Objection Certificate from BSE Limited dated November 14, 2014.

Inspection of the following documents may be had at the Registered Office of the Company on any working day (Except Saturdays, Sundays and Public Holidays) between 11 a.m. to 1.00 p.m. These Documents are also uploaded on Company website as well as BSE website. Also, these will be available for inspection at the venue of the Extra-Ordinary General Meeting of the Members.

1. Scheme of arrangement for reduction of capital of the Company;
2. Memorandum and Articles of Association of the Company;
3. Annual Report of the Company for the year ended March 31, 2012, March 31, 2013, and March 31, 2014;
4. Valuation report issued by M/s S. Shah & Associates, Chartered Accountants in relation to the scheme of arrangement of reduction of capital;
5. Fairness Opinion Report of M/s Comfort Securities Limited, Merchant Bankers in relation to the scheme of arrangement of reduction of capital;
6. Complaint Report;
7. No Objection Certificate from BSE Limited dated November 14, 2014; and
8. Register of Directors shareholdings of the Company.

**Place: Thane**  
**Date: 29.11.2014**

**By Order of the Board of Directors**  
**Sd/-**

**Whole-time Director**  
**Avinash D. Vora**  
**(DIN: 02454059)**

**AVI PHOTOCHEM LIMITED**  
**Regd Office: 110, Manish Ind Est No. 4, Navghar Rd, Vasai (E), Dist: Thane - 401210, India**  
**(CIN No. L24200MH1989PLC050913)**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional attendance slip at the venue.

DP. Id*		Name and Address of the registered Shareholder
Client Id / Regd. Folio No.		
No. of Share(s) held		

I/ We hereby record my/our presence at the Extra Ordinary General Meeting of the Company, to be held on Monday, December 29, 2014 at 3.00 P. M. at 110, Manish Ind Est No. 4, Navghar Rd, Vasai (E), Dist: Thane, Pin 401210 .

\* Applicable for investors holding share(s) in electronic form.

Signature of the shareholders or proxy

TEARHERE.....

**FORM No. MGT-11**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

**AVI PHOTOCHEM LIMITED**  
**Regd Office: 110, Manish Ind Est No. 4, Navghar Rd, Vasai (E), Dist: Thane - 401210, India**  
**(CIN No. L24200MH1989PLC050913)**

Name of Member (s)	:	
Registered Address	:	
Email ID	:	
Folio No./ DP ID No.	:	
Client ID No.	:	

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: ..... Address: .....  
 E-mail Id: ..... Signature: ....., or failing him

2. Name: ..... Address: .....  
 E-mail Id: ..... Signature: ....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Extra Ordinary general meeting of the company, to be held on Monday, 29<sup>th</sup> day of December, 2014 At 3.00 p.m. at 110, Manish Ind Est No. 4, Navghar Rd, Vasai (E), Dist: Thane - 401210 and at any adjournment thereof in respect of such resolutions as are indicated overleaf.

Signed this ..... day of ..... 2014

Affix  
Revenue  
Stamp

.....  
Signature of 1<sup>st</sup> Proxy Holders

.....  
Signature of 2<sup>nd</sup> Proxy Holders

.....  
Signature of shareholder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Form No. MGT-12

Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014

AVI PHOTOCHEM LIMITED

Regd Office: 110, Manish Ind Est No. 4, Navghar Rd, Vasai (E), Dist: Thane - 401210, India  
(CIN No. L24200MH1989PLC050913)

BALLOT FORM

(To be returned to Scrutinizer appointed by the Company)

Name and Registered Address of the sole / First named Member	:	
Name (s) of the Joint Holder (s) (if any)	:	
Registered Folio No./ DP ID No. and Client ID No.	:	
Number of share(s) held	:	

I / We hereby exercise my / our vote(s) in respect of the Resolutions set out in the Notice of the Extra Ordinary General Meeting of the Company to be held on Monday, December 29, 2014, by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below:

Item No.	Resolution	Type of Resolution	No. of Shares	For	Against
1.	Reduction of Capital of the Company	Special			

Place:

Date:

(Signature of the Shareholder)

Note: Please read the instructions carefully before exercising your vote

Valuation Report

Prepared by

S.Shah & Associates

Practicing Chartered Accountants

Dated :

14 AUG 2014

Practicing Chartered Accountants

Firm Registration No: 109771W

## **S. SHAH & ASSOCIATES**

CHARTERED ACCOUNTANTS

**SHAILESH K. SHAH**

B. Com (Hons.), F. C. A.

G-5, Snow White Co-op. Hsg.  
Soc. Ltd., Ground Floor, Azad  
Road, Near Rajpuria Baug,  
Vile-Parle (E), Mumbai - 400 057.  
Tel. : 2610 33 01  
Fax : 91-22-2614 9661  
Email : s.shah24@rediffmail.com

M/s. S. Shah & Associates is a Practicing Chartered Accountants firm in India. The Valuation Report ("Report") has been prepared on the basis of the review of information provided to us. The report gives an estimated fair market value of the equity shares of Avi Photochem Limited.

The information contained in this Report is selective and is subject to updates, expansions, revisions and amendment. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.

This Report is based on data and explanations provided by the management and certain other data culled out from various websites believed to be reliable. M/s. S. Shah & Associates have not independently verified any of the information contained herein. Neither the Company nor M/s. S. Shah & Associates nor affiliated bodies corporate, nor the directors, shareholders, managers, employees or agents of any of them, makes any representations or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information contained in the Report. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained in, or errors in or omissions from, this Report or based on or relating to the Recipients' use of this Report.

### **Executive Summary**

Purpose : Calculate the fair market value of the shares of Avi Photochem Limited for the purpose of Scheme under Clause 24(f)

Business : Trading of Chemicals and Electronic Materials by conventional and E-commerce methods

Listing : Bombay Stock Exchange Limited, Ahmedabad Stock Exchange, Delhi Stock Exchange

Pursuant to above and on request of Company, we are issuing this report, which contains the Fair Market Value of the shares of Avi Photochem Limited



# S. SHAH & ASSOCIATES

CHARTERED ACCOUNTANTS

**SHAILESH K. SHAH**  
B. Com (Hons.), F. C. A.

G-5, Snow White Co-op Hsg  
Soc. Ltd., Ground Floor, Azad  
Road, Near Rajpuria Baug,  
Vile-Parle (E), Mumbai - 400 057  
Tel : 2610 33 01  
Fax : 91-22-2614 9661  
Email : s.shah24@rediffmail.com

## CERTIFICATION

We M/s. S. Shah & Associates certify that the fair market value of Each Share of Avi Photochem Limited is Rs. 5.39 per Share.

This fair market value is valid on the date of issuance of this certificate.

## METHODOLOGY & EXPLANATION

### Valuation Methods

There are many methods that can be used for valuation of shares. Some popular ones are:

1. Net Asset Value (Book Value) Method
2. Capitalisation of Earnings Method
3. Average quoted price of the equity shares on Stock Exchange in case of listed Companies

### Method Adopted

#### 1. Net Asset Value (Book Value) Method

Net Asset Value (Book Value) as on March 31, 2014

Particulars	Amount in Rupees
Share Capital	3,48,00,760
Reserves and Surplus	(2,54,01,155)
Total Shareholder's Fund (A)	93,99,605
No. of Shares of Rs. 10/- each (B)	34,80,076
Net Asset Value (Book Value) per share (A/B)	2.70

## S. SHAH & ASSOCIATES

CHARTERED ACCOUNTANTS

SHAILESH K. SHAH

B. Com (Hons.), F. C. A.

G-5, Snow White Co-op Hsg.  
Soc. Ltd., Ground Floor, Azad  
Road, Near Rajpuria Baug,  
Vile-Parle (E), Mumbai - 400 057.  
Tel : 2610 33 01  
Fax : 91-22-2614 9661  
Email : s.shah24@rediffmail.com

### ii) Capitalisation of Earnings Method (PECV)

- In this method, the average earnings based on the past 3 years are first determined. Adjustments are then made for any exceptional transactions or items of a non-recurring nature. The adjusted average earnings are then capitalized at an appropriate rate to arrive at the value of the business.
- The PECV is calculated as under, by capitalizing the weighted average post-tax profits of the company for last 3 years at a rate of 20%.

Particulars	As at 31-03-2014	As at 31-03-2013	As at 31-03-2012	Rupees
Profit After Tax (excluding Exceptional and Extraordinary items)	56,95,198	56,51,735	53,55,499	--
Weight ages	3	2	1	6
Weighted Average Profit After Tax	1,70,85,594	1,13,03,470	53,55,499	56,24,095
Capitalization Factor @ 20%				2,81,20,475
No. of Equity Shares				(Nos.) 34,80,076
Value Per Share				8.08

### iii) Average quoted price of the equity shares

Though the equity shares of the Company are quoted on BSE Ltd., a perusal of the trading data of the last six months of the Company reveals that the volumes of trading are extremely low and hence the price quoted cannot be considered as a true representation of the worth of the equity shares of the Company.

## S. SHAH & ASSOCIATES

CHARTERED ACCOUNTANTS

SHAILESH K. SHAH

B. Com (Hons.), F. C. A.

G-5, Snow White Co-op. Hsg.  
Soc. Ltd., Ground Floor, Azad  
Road, Near Rajpuria Baug,  
Vile-Parle (E), Mumbai - 400 057.  
Tel : 2610 33 01  
Fax : 91-22-2614 9661  
Email : s.shah24@rediffmail.com

### iv) Fair Value per share

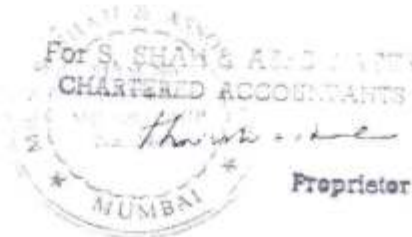
Based on the Average of the Net asset value and PECV Method, the fair value of shares of the Company's as tabulated below.

Particulars		Amount (Rupees)
Net Asset Value per share	(A)	2.70
PECV	(B)	8.08
Fair Value per share	$[(A+B)/2]$	5.39

Hence considering the above factors, we conclude that the pricing of the equity shares of Avi Photochem Limited based on above parameters is Rs. 5.39 per Share.

Place : Mumbai

Date: 17 AUG 2014







## COMFORT SECURITIES LIMITED

K-301, Nehru Park, 7th Floor, Market 24, Ring Road, Madhav Nagar, Bangalore - 560 081  
Tel: No. +91 (0) 22 444 51 95 / 001 1 253 1 242 3539 • Fax: 022 2845 2527  
Email: info@comfortsecurities.co.in • URL: www.comfortsecurities.co.in

CIN: U67120MH2002PLC136562

FAIRNESS OPINION REPORT ON VALUATION FOR THE PROPOSED

REDUCTION OF SHARE CAPITAL OF

AVI PHOTOCHEM LIMITED

By

COMFORT SECURITIES LIMITED

14<sup>TH</sup> AUGUST, 2014

SEBI Registered Category I Merchant Banker

SEBI Registration No: INM000011328



TRADE WITH COMFORT

EQUITY | DERIVATIVES | COMMODITY | DP | CURRENCY | MERCHANT BANKING | NDFC

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**Notice to Reader**

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Comfort Securities Limited ("Comfort" or "Authors of the Report") is a SEBI registered 'Category I' Merchant banker in India and was engaged by Board of Directors of AVI Photochem Limited (herein after referred as APCL) to prepare an Independent Fairness Opinion Report ("Report") with respect to providing an independent opinion and assessment as to fairness of Valuation Report determined S.Shah & Associates, Practicing Chartered Accountants an independent Valuers for the purpose of intended proposed reduction of share capital of AVI Photochem Limited (herein after referred as APCL).

The Fairness Opinion Report ("Report") has been prepared on the basis of the review of information provided to Comfort and specifically the Valuation Report prepared by S.Shah & Associates, as an independent valuer. The report does not give any valuation, However this report is limited to provide its fairness opinion on the Valuation Report.

The information contained in this Report is selective and is subject to updations, expansions, revisions and amendments. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.

This Report is based on data and explanations provided by the management and certain other data culled out from various websites believed to be reliable. Comfort has not independently verified any of the information contained herein. Neither the Company nor Comfort, nor affiliated bodies corporate, nor the directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information contained in the Report. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained in, or errors in or omissions from, this Report or based on or relating to the Recipients' use of this Report.



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#### Executive Summary

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Purpose: Express an Independent Fairness Opinion and assessment with respect to fairness of Valuation Report determined by S. Shah & Associates, for the proposed reduction of share capital.

Name of the Company: AVI Photochem Limited

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#### Background of the Company

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##### AVI PHOTOCHEM LIMITED

AVI Photochem Limited, a Public Limited Company was incorporated on 7th March, 1989 under the Companies Act, 1956. The registered office of the company is situated at 110, Manish Ind Estate NO-4, Navghar Road, Vasai (East) Vasai, Maharashtra 410210.

At present, Equity Shares of the company are listed on the BSE Limited

The shareholding pattern AVI Photochem Limited as on 30<sup>th</sup> June, 2014 is as follows:

Particulars	Number of shares	% of Holding
Promoter and Promoter Group	836476	24.04
Non promoter's holding	2643600	75.96
Grand total	3480076	100.00





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### Transaction Overview and Rational

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The APCL as accumulated losses of Rs. 2,54,01,502/- as on March 31, 2014. The APCL is now proposing to undertake a financial restructuring exercise whereby it is proposed to cancel 24,36,054 equity shares of Rs. 10/- each equivalent to Equity Share Capital of Rs. 2,43,60,540/- (Rupees Two Crore Forty three lakh Sixty thousand Five Hundred and Forty Only). As a result of this capital restructuring, equity shares capital of the Company will stand reduced to 10,44,022 shares of Rs. 10/- equivalent to an equity share capital of Rs. 1,04,40,220/- (Rupees One Crore Four lakhs forty thousand two hundred and twenty only.) The cancellation of the shares is proportionately among the members of the Company and the same amount shall be utilized for adjusting the debit balance in Profit & Loss Account. Thus, shareholders of the Company holding 100 equity shares of Rs. 10/- each as on the record date, will receive 30 equity shares of Rs. 10/- each post the capital reduction. In respect of fractional shares, if any, caused by the reduction of capital, the same shall be rounded off to 1 (one) share of Rs. 10/- each and the same would be allotted to the shareholders. Simultaneously, the increase in number of shares due to rounding off will be foregone by Mr. Avinash Vora, one of the Promoters of the Company, thus keeping the paid up capital intact to Rs. 1,04,40,220/- (Rupees One Crore Four lakhs forty thousand two hundred and twenty, only).

Rationale and Purpose of the Scheme are as follows:

- i) The Company has incurred heavy losses in the past resulting in substantial erosion of its Net Worth. The Scheme will result in improving its Net Worth.
- ii) The scheme will enable the Company to overcome its financial difficulties and improve its working in the future.
- iii) The Company's financial position will become more accurate after the capital reduction.
- iv) The Scheme will help the revival of the Company, which will be in the interests of its employees, Shareholders, the national and State Exchequer and the Society in general.
- v) Give a true and fair picture of the financial condition of the Company;
- vi) Cleaning up of the balance sheet of the Applicant Company;

- vii) Result in better presentation of the balance sheet of the Applicant Company;
- viii) The restructuring proposal does not in any manner, alter or vary the rights of the creditors of the Applicant Company;
- ix) Further, the proposed adjustment would not in any way adversely affect the ordinary operations of the Company nor will it affect the ability of the Company to honour its commitment or pay its debts, if any in the ordinary course of business.

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**Valuation Methodology & Explanation adopted by S. Shah & Associates**

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Some of the methods considered by S. Shah & Associates, for arriving at fair value of shares of a company are as under:

1. Net Asset Value Method
2. Capitalisation of Earnings Method (PECV)
3. Average quoted price of the Equity Shares on stock Exchange in case of Listed Companies

Method Adopted:

1. Net Asset Value (Book Value) Method:

Net Asset Value (Book Value) as on 31.03.2014

Particulars	Amount in Rupees
Share Capital	3,48,00,760
Reserves & Surplus	(2,54,01,155)
Total Shareholder's Fund (A)	93,99,605
No. Shares of Rs. 10 each (B)	34,80,076
Net Asset Value (Book Value) Per Share(A/B)	2.70

## 2. Capitalisation of Earnings Method (PECV)

In this method, the average earnings based on the past 3 years are first determined. Adjustments are then made for any exceptional transactions or items of a non-recurring nature. The adjusted average earnings are then capitalized at an appropriate rate to arrive at the value of the business.

The PECV is calculated as under, by capitalising the weighted average post tax profits of the Company for last three years at a rate of 20%.

### Calculation of PECV of Equity Shares

Particulars	As at 31.03.2014	As at 31.03.2013	As at 31.03.2012	Rupees
Profit after tax (excluding Exceptional and Extra ordinary items)	56,95,198	56,51,735	56,55,499	--
Weight ages	3	2	1	6
Weighted average PAT	1,70,85,594	1,13,03,470	53,55,499	56,24,095
Capitalisation factor@20%				2,81,20,475
No. Of Equity Shares			(Nos.)	34,80,076
Value per share				8.08

## 3. Average quoted price of the Equity Shares

Though the Equity Shares of the Company are quoted on BSE Limited, a perusal of the trading data of the last six months of the Company reveals that the volumes of trading are extremely low and hence the price quoted cannot be considered as a true representation of the worth of the Equity Shares of the Company.

## 4. Fair Value per share

Based on the average of the net asset value and PECV method, the fair value of shares of the Company's as tabulated below:

12/11

Particulars	Amount in Rupees
Net Asset Value per share (A)	2.70
PECV (B)	8.08
Fair Value per share [(a+b)/2]	5.39

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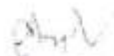
**Our Fairness Opinion:**

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In our opinion, the fair value of the equity share of a company is normally determined on the basis of the average of the values determined by the NAV, PECV, and Market Price methods. In this case as the entire capital of the company is eroded due to losses and even PECV is too redundant in lieu of consistent losses. The Market Price Method is also not available since the shares of the Company are infrequently traded on the Stock Exchange.

Hence the fair value of the share of the company is Rs. 5.39/- per share.

For Comfort Securities Limited

  
Mayuri Thakkar  
AVP-MBD



### SYSTEM SUPPORT SERVICES

209, Shyva Ind Estate, 89, Andheri Kurla Road,  
Saki Naka, Andheri (E), Mumbai-400 072  
Tel: 2850 0833 (5 Lines) Fax: 2850 1438

Date : 22/11/2014

#### Complaint Report:


##### Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	NIL
5.	Number of complaints pending	NIL

##### Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	NIL	NIL	NIL
2.	NIL	NIL	NIL
3.	NIL	NIL	NIL

For System Support Services

  
Authorised Signatory

Place: Mumbai  
Date: 22/11/2014

November 14, 2014

DCS/AMAL/PS/24(F)/209/2014-15

The Company Secretary  
**AVI Photochem Limited**  
110 Manish Industrial Estate No. 4,  
Navghar, Vasal (East), Mumbai - 401210

Dear Sir / Madam,

**Sub: Observation letter regarding the Scheme of Reduction of AVI Photochem Limited.**

We are in receipt of Scheme of Reduction of the company.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated November 14, 2014 given the following comment(s) on the draft scheme of arrangement:

- *The company shall duly comply with various provisions of the Circulars.*

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further, you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- Copy of the High Court approved Scheme;
- Result of voting by shareholders for approving the Scheme;
- Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-a-vis the Draft Scheme;
- Status of compliance with the Observation Letter/s of the stock exchanges;
- The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- Complaints Report as per Annexure II of this Circular.

Yours faithfully,

  
Nitin Pujari  
Manager

  
Pooja Sanghvi  
Asst. Manager

BOOK POST  
PRINTED MATTER

To,

If undelivered please return it to:  
AVI PHOTOCHEM LIMITED  
(CIN: L24200MH1989PLC050913)  
110, Manish Industrial Estate No. 4, Navghar Road, Vasai (E), Dist.: Thane, Pin 401210, Maharashtra, India