

# JINDAL POLY FILMS LIMITED

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This Public Notice cum Public Announcement is in compliance with the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 as amended.

Offer for Buy-back of Equity Shares from Open Market through Stock Exchanges

## 1. THE OFFER AND BUY-BACK PRICE

1.1. Jindal Poly Films Limited (the "Company") hereby announces the Buy-back of its fully paid-up Equity shares of the face value Rs. 10 each ("Equity Shares") from the existing owners of Equity shares (the "Buy-back") from the open market through stock exchanges using the electronic trading facilities of the Bombay Stock Exchange Limited (the "BSE") and/or the National Stock Exchange of India Limited (the "NSE") in accordance with the provisions of Sections 77A, 77AA and 77B of the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 (the "Buy-back Regulations") at a price not exceeding Rs. 400 per Equity share ("Maximum Offer Price") payable in cash, for an aggregate amount not exceeding Rs. 73 crore ("Maximum Offer Size"). The Maximum Offer Size of Rs. 73 crores is less than 10% of the aggregate of the Company's total paid-up Equity share capital and free reserves as on March 31, 2008.

1.2. The number of Equity shares to be bought back would depend upon the average price paid for the Equity shares bought back and the aggregate consideration paid for such Equity shares bought back, subject to the Maximum Offer Size in accordance with the resolution passed by the Board of the Company on July 31, 2009. Assuming the maximum price of Rs. 400 per Equity share and that the Maximum Offer Size is completely exhausted, 18,25,000 Equity shares representing approximately 7.34% of the paid up Equity capital of the Company will be bought back. The Company will buyback a minimum of two lakh Equity shares (2,00,000 Equity shares) ("Minimum Offer Size") towards the Buyback. Should the average purchase price be lower than Rs 400 per Equity share, the number of Equity shares bought back will be greater assuming the payment of an aggregate consideration amount of Rs. 73 crore. As per Section 77A of the Companies Act 1956, the number of Equity shares that can be bought back in any financial year shall not exceed 25% of the total paid-up Equity capital of the Company i.e. 62,15,347 Equity shares of the Company.

1.3. The buy-back of shares will be made at a maximum price of Rs. 400 which represents a premium of approximately 35.8% to the closing price of Rs. 294.55 per Equity share on the BSE and 36.1% to the closing price Rs. 293.70 per Equity share on the NSE.

1.4. The funds required for the Buy-back will be met out of the cash reserves and internal accruals of the Company.

1.5. As per the amended SAST Regulations, an increase in Promoter holding of more than 5% will require an exemption from the Securities and Exchange Board of India ("SEBI"). Should the Promoter holding increase beyond 5% during the tenure of the Buyback, Jindal Poly Films Limited and/or its Promoters will obtain the requisite approvals and/or comply with all statutory and regulatory requirements. The Promoters currently own 62.38% in Jindal Poly Films Limited.

## 2. AUTHORITY FOR THE OFFER OF THE BUY-BACK

2.1. The Company can undertake a buyback of its Equity shares up to 10% of the total of its paid-up capital and free reserves through a Board Resolution under Clause (B) of the first proviso to Section 77A(2) of the Act. Pursuant to the provisions contained in Article 7 of the Articles of Association of the Company and Sections 77A, 77AA and 77B and other applicable provisions and the Buy-back Regulations, the present Offer of Buy-back of Equity shares of the Company from Open Market through Stock Exchanges.

## 3. BRIEF INFORMATION

- Jindal Poly Films Limited was incorporated vide certificate of incorporation dated September 9, 1974 and the Certificate for Commencement of business dated September 21, 1974.
- Jindal Poly Films Limited has been in the polyester business since 1984. The company manufactures polyester (PET) and polypropylene (OPP) films used primarily in food packaging, textile bags, overwraps for cigarette and personal products, adhesive tapes and labels.
- Pursuant to the Initial Public Offering in August 1994 at an offer price of Rs. 195 per Equity share and a Follow-on Public Offer at an offer price of Rs 360 per Equity share in June 2005, the Equity shares of the Company are presently listed on both the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).
- The brief audited financial information of the Company for the three financial years FY 2006, FY 2007 and FY 2008 and the un-audited results for the financial year FY 2009 is detailed below;

All Figures in crore, except key ratios

	Financial Years Ended			
	Un-audited 31-Mar-09	31-Mar-08	Audited 31-Mar-07	31-Mar-06
Revenues	1416.93	1259.28	1019.81	858.93
Other Income	15.91	19.64	12.37	16.96
Total Income	1442.35	1276.23	1023.30	837.99
Profit before interest, depreciation and tax	338.14	270.56	168.41	128.22
Interest	20.01	14.07	17.55	15.72
Depreciation	70.47	62.57	60.55	59.47
Profit Before Tax	247.66	193.91	90.31	53.03
Exceptional items, Tax and other provisions	123.89	61.34	25.34	6.32
Profit After Tax	123.77	132.57	64.97	46.71
Equity dividend (%)	*	20%	20%	20%
Equity dividend (excluding dividend tax)	*	5.62	5.62	5.62
Equity share capital	26.47	28.10	28.10	28.10
Reserves & surplus	966.75	884.77	758.77	700.56
Net worth	993.22	912.87	786.87	728.66
Total debt	486.39	170.8	237.33	274.53
<b>Key Ratios</b>				
Earnings per share (Rs.)	46.76	47.19	23.12	17.52
Book value per Equity share (Rs.)	375.22	324.91	280.06	259.31
Return on net-worth (%)	12.46%	14.52%	8.26%	6.41%
Debt to equity ratio	0.49	0.19	0.30	0.38

\* Not yet declared

- Note:
- The results for FY 2009 have been submitted to the stock exchanges as per the listing agreement. The results for FY09 are based on the limited review submitted by auditors to the Company.
  - The key ratios have been computed on the following basis:

1. Earnings Per Share	Net Profit Attributable to Equity Shareholders Total No of Equity Shares outstanding during the period
2. Book Value per Equity Share	Paid-Up Equity Share Capital + Reserves and Surplus Total No of Equity Shares outstanding during the period
3. Return on Net Worth	Net Profit after Tax Net Worth
4. Debt to Equity Ratio	Total Debt Net Worth

## 4. NECESSITY FOR BUY-BACK

The buy-back proposal is being implemented in keeping with the Company's desire to enhance overall shareholder's value.

The buy-back would lead to (a) reduction in outstanding number of Equity shares, and consequent increase in earnings per Equity share (b) improvement in return on net worth and other financial ratios.

## 5. EXTRACTS OF MINUTES OF THE BOARD RESOLUTION PASSED ON JULY 31, 2009

RESOLVED THAT pursuant to the provisions of Article 7 of the Articles of Association of the Company and in accordance with the provisions of Sections 77A, 77 AA and 77B and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") and the provisions contained in the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (hereinafter referred to as "the Regulations") (including any statutory modification(s) or re-enactment of the said Act or Rules framed thereunder from time to time or the Regulations, for the time being in force) and subject to such approvals, permissions and sanctions as may be necessary and further subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include a Committee thereof), the consent of the Company be and is hereby accorded to the Board to purchase or buy back its fully paid up equity Shares of the face value of Rs. 10/- each, in one or more tranches, from open market through the stock exchanges up to a maximum of 25% of the total paid up equity capital of the Company at a price not exceeding Rs. 400.00 per Equity Share to be financed out of the Company's free reserves and/or securities premium account such that aggregate consideration for the shares to be bought back does not exceed Rs. 73 crores, being less than 10% of the total paid up equity capital and free reserves of the Company as on 31<sup>st</sup> March 2008 (hereinafter referred to as "the Buyback").

RESOLVED FURTHER THAT in case of Promoter Holding increasing by more than 5% due to the proposed Buyback, the Promoters of the Company be requested to apply to SEBI for exemption under Section 4(2) of SAST Regulations.

RESOLVED FURTHER THAT declaration of solvency placed before this meeting be and is hereby approved and Mr Sumant Singhal, (Whole-time Director and Chief Executive Officer) and Mr. Samir Banerjee(Director Marketing) of the Company be and are hereby authorised to sign and file with the Registrar of Companies and the Securities and Exchange Board of India after having it verified by an affidavit.

RESOLVED FURTHER THAT the confirmation is hereby made by the Board:

It has inquired into state of affairs of the Company and prospects of the Company and has formed an opinion:

- that immediately following the date of passing of the resolution there will be no grounds on which the company could be found unable to pay its debts and;
- as regards its prospects for the year immediately following date of passing of the resolution by way of this Board Resolution, having regard to its 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 its 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
- in forming its 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).

RESOLVED FURTHER THAT the confirmation is hereby made by the Board:

- the Company shall not purchase shares under the buyback from the Promoters and Persons in Control
- as per the provisions of section 77A(8) of the Act, the Company will not issue fresh equity shares within a period of 6 months after the completion of buyback except by way of bonus issue or in the exchange of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares.
- that the Company shall not buyback its shares from any person through negotiated deal whether on or off the stock market or through spot transaction or through any private arrangement in the implementation of buyback
- that there are no defaults subsisting on the repayment of deposits, redemption of debentures or preference shares and loans to any financial institutions or banks.
- the buyback is proposed to be completed within a period of 12 months from the date of passing the Board resolution
- that the debt equity ratio after the buyback will be well within the limit of 2:1as prescribed under the Act

RESOLVED FURTHER THAT Mr Sumant Singhal, (Whole-time Director and Chief Executive Officer), Mr. Samir Banerjee(Director Marketing) and Mr. Ajit Mishra (Company Secretary) be and are hereby severally authorized to execute all documents necessary for implementation of the Buyback including:

- the appointment of Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investor Service Centers and other Advisors, Consultants or Representatives incidental to the implementation of the Buy-back;
- To execute such deeds, forms, demat accounts and such other documents to facilitate Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investor Service Centers and other Advisors, Consultants or Representatives incidental to the implementation of the Buy-back;
- the making of all applications to the appropriate authorities for their requisite approvals;
- the initiating of all necessary actions for preparation and issue of Public Announcement;
- to stipulate a minimum amount that will be spent on the Buyback (hereinafter referred to as "Minimum Offer Size")
- the filing of Public Announcement and also the certificate of Declaration of Solvency and all other documents required to be filed in the above connection with the necessary authorities and for extinguishment and physical destruction of share certificates in respect of shares bought back; and
- the setting of all such questions or difficulties whatsoever which may arise in connection with the buy-back so as to take all such steps and decisions in this regard.
- To do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, usual or proper

RESOLVED FURTHER THAT the Common Seal of the Company be affixed, if required, on any document relating to the proposed Buyback, as per provisions contained in the Articles of Association of the Company

RESOLVED FURTHER THAT the buy-back of shares from the non-resident shareholders and/or shareholders of foreign nationality shall be subject to further approvals as may be required including approvals, if any, from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the Rules/Regulations framed thereunder.

## 6. EQUITY CAPITAL STRUCTURE AND CURRENT SHAREHOLDING PATTERN

6.1. The Equity share capital of the Company as on March 31, 2009 is as follows;

	Rs in crore
<b>Authorized Share Capital</b>	
30,000,000 Equity Shares of Rs 10 Each	30.00
175,000,000 Preference Shares of Rs. 10 each	175.00
<b>Subscribed and Paid-up</b>	
26,467,110 Equity Shares of Rs 10 Each	26.47

Note: The Company has closed its earlier Buyback on April 30, 2009. Consequent to the closure of the Buyback, the Paid-up Equity Capital of the Company is Rs. 24,86,13,880/-.

6.2. The shareholding pattern of the Company as on June 30, 2009 is as follows;

	Pre Buyback		Post Buyback	
	Number of shares/total voting rights	% of shares total voting / rights	Number of shares/ total voting rights	% of shares/ total voting rights
Promoter group	15,509,326	62.38%	15,509,326	67.33%
Fis/ Banks	3,274,217	13.17%	7,527,062	32.67%
Fis/ NRIs/ OCBs	1,940,240	7.80%		
Public	4,137,605	16.64%		
Total	24,861,388	100%	23,036,388	100%

Note: The above computation is based on the assumption that 18,25,000 Equity shares of the Company will be bought back at the Maximum Price.

6.2.1. During the period of twelve months preceding the date of this announcement, no transactions have been undertaken by the Promoters or by the Directors of the Promoters of Jindal Poly Films Limited in the Equity shares of the Company.

6.2.2. Based on the total number of Equity shares bought under the buyback, the Promoter Holding will correspondingly vary.

## 7. SOURCES OF FUNDS

7.1. The maximum amount, which the company would deploy for the purposes of the Buy-back is Rs 73 crore, which is in compliance with Section 77A (2) of the Companies Act 1956.

7.2. The Company proposes to fund the buy back from cash reserves and internal accruals of the Company.

## 8. LISTING DETAILS AND STOCK MARKET DATA

- The Equity shares of the Company are listed on the BSE and the NSE.
- The high and low market prices for the last three years and the monthly high, low and average market prices in the preceding six months prior to this announcement are as under.

### BSE

Period	High	Date of High	Volume of on Date of High	Low (Rs)	Date of Low	Volume on Date of Low	Average Price	Total Volume for the period
12 month ended 31-Mar-07	304.45	5-Aug-06	2,641	115.30	24-Jul-06	6,373	177.17	1,490,959
12 month ended 31-Mar-08	349.00	3-Jan-08	28,636	143.15	27-Apr-07	712	205.99	3,212,645
12 month ended 31-Mar-09	307.00	4-Feb-09	8,651	104.10	27-Oct-2008	1,457	211.38	2,200,251
1 month ended Feb-09	307.00	4-Feb-09	8,651	261.05	09-Feb-2009	12,594	283.25	178,379
1 month ended Mar-09	285.00	26-Mar-2009	79,631	258.65	31-Mar-2009	47,545	269.14	884,353
1 month ended Apr-09	284.95	16-Apr-2009	3,686	251.05	08-Apr-2009	1,527	277.19	39,404
1 month ended May-09	330.00	22-May-2009	39,007	232.35	14-May-2009	3,116	279.38	119,629
1 month ended Jun-09	315.90	05-Jun-2009	6,358	260.00	23-Jun-2009	673	291.11	49,381
1 month ended Jul-09	304.80	31-Jul-2009	4,700	240.00	28-Jul-2009	1,398	268.09	49,390

(Source: www.bseindia.com)

### NSE

Period	High	Date of High	Volume of on Date of High	Low (Rs)	Date of Low	Volume on Date of Low	Average Price	Total Volume for the period
12 month ended 31-Mar-07	298.60	29-Apr-06	2793	116.5	24-Jul-06	10327	177.50	4,802,764
12 month ended 31-Mar-08	350.00	3-Jan-08	23696	116.5	27-Jul-07	5087	206.50	1,925,159
12 month ended 31-Mar-09	309.90	14-Aug-08	4,666	104.00	25-Nov-2008	149	213.47	2,336,436
1 month ended Feb-09	300.70	3-Feb-09	34,188	255.00	03-Feb-2009	34,188	283.41	389,739
1 month ended Mar-09	285.00	26-Mar-2009	74,401	255.00	30-Mar-2009	65,900	268.96	923,921
1 month ended Apr-09	285.00	08-Apr-2009	2,494	260.10	06-Apr-2009	7,733	277.06	957,133
1 month ended May-09	330.00	22-May-2009	111,923	223.00	14-May-2009	3,156	278.63	204,804
1 month ended Jun-09	319.90	08-Jun-2009	5,560	250.10	23-Jun-2009	2,840	289.93	73,694
1 month ended Jul-09	308.80	31-Jul-2009	4,541	240.00	20-Jul-2009	6,104	267.46	67,632

(Source: www.nseindia.com)

The Company had undertaken a follow on public offer (FPO) in June 2005. The pre and post FPO paid-up Equity capital of the Company are as follows;

	Amount (Rs cr)
Pre FPO Paid Up Equity Capital	19.76
Post FPO Paid Up Equity Capital	28.10

8.3. The closing market price of the Shares of the Company on July 31, 2009 i.e. the date of the resolution of the Board of Directors approving the Buy-back was Rs 294.55 per Equity share on the BSE and Rs 293.70 per Equity share on NSE.

## 9. MANAGEMENT DISCUSSION AND ANALYSIS OF LIKELY IMPACT OF BUY-BACK ON THE COMPANY

- The Buy-back is unlikely to cause any material impact on the profitability and earnings of the Company except the possible loss of other income, if any, on account of cash to be utilized for the buy-back.
- The buyback is expected to contribute to further improvement in the financial ratios which will enhance the shareholder value and effectively utilize the surplus cash of the company.
- Post buy-back, the Debt Equity ratio of the Company shall be within the limit of 2:1 as prescribed under Section 77A of the Act. As on March 31, 2008, the Debt Equity ratio was 0.19.
- Assuming that as a part of the Buy-back, 18,25,000 Equity shares are bought back at the Maximum Offer Price of Rs 400 per Equity share for an aggregate amount deployed amounting to Rs 73 crore, the holding of the Promoters will increase from 62.38% to 67.33% of the post buyback Equity capital. Further the non-promoter holding will decline from 37.62% to 32.67% of the post buyback Equity capital.
- Should the average purchase price be lower than Rs 400 per Equity share, the number of Equity shares bought back will be greater assuming the payment of an aggregate consideration amount of Rs 73 crore. As per Section 77A of the Companies Act 1956, the number of Equity shares that can be bought back in any financial year shall not exceed 25% of the total paid-up Equity capital of the Company i.e. up to 62,15,347 Equity shares of the Company. The shareholding pattern, post Buy back, may differ depending on the actual number of Equity shares bought back under the Buy back. The Buy-back of shares will not result in a change in control or otherwise affect the existing management structure. Assuming exhaustion of the entire Rs 73 crore at the price of Rs. 400 per Equity share, the Promoter holding post buyback will be 67.33%.

## 10. REPORT OF STATUTORY AUDITORS

The text of the report dated July 31, 2009 received from M/s. Kanodia Sanyal and Associates, Chartered Accountants, the statutory auditors of the Company, addressed to the Board of the Directors is reproduced below:

"In connection with the proposed buyback of Equity shares approved by the Board of Directors of

Jindal Poly Films Limited (the "Company") at its meeting held on July 31, 2009, in pursuance of the provisions of Section 77A, 77AA and 77B of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 and based on the information and the explanations given to us, we report that:

- We have inquired into the state of affairs of the Company in relation to its audited accounts as on March 31, 2008 which were taken on record by the Board of Directors at their meeting held on 3<sup>rd</sup> September, 2008 and adopted by the members of the Company at their Annual General Meeting held on 30<sup>th</sup> September, 2008.
- The Board of Directors of the Company has proposed to buyback the Company's Equity shares to the extent of Rs 73.00 crores at a price not exceeding Rs 400 per share. The amount of permissible capital payment (within including premium) of an amount not exceeding Rs. 73.00 crores (Rs. Seventy Three crores ) towards buy-back of Equity shares, has been properly determined in accordance with Section 77A(2) of the Companies Act, 1956 and is less than 10% of the paid up Equity capital and free reserves of the Company, as computed below.

Particulars	(Amount Rs/ Cr)
Share Capital as on 30 <sup>th</sup> June, 2009 (A)	24.86
Free Reserves as on 31 <sup>st</sup> March, 2008:	
General Reserve	163.02
Profit and Loss Account	131.39
Share Premium Account	418.82
Export Profit Reserve	0.01
Total Free Reserves (B)	713.24*
<b>Total (A+B)</b>	<b>738.10</b>
Less: Miscellaneous Expenditure to the extent not written off (C)	0.01
<b>Total (A+B-C)</b>	<b>738.09</b>
Maximum amount permissible for buy-back i.e. upto 10% of the total paid-up capital and free reserves	73.80
Maximum amount proposed for buy-back	73.00

\* Free reserve as on 31-03-2008 is taken, as the Accounts for 1-04-2008 to 31-03-2009 are still to be audited. Further, the amount of Rs 84.15 crore is also required to be reduced from free reserves on account of earlier buy-back closed on 30-04-2009. However, if un-audited profits for the period from 1-04-2008 to 30-06-2009 of Rs. 208.54 crore is taken, the free reserves will amount to Rs. 837.63 crore.

iii. The Board of Directors in their meeting held on July 31, 2009 have formed the opinion as specified in clause (x) of Schedule I of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 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 the date of this Board Resolution for the purpose of the buy-back."

- It is being clarified that the resolution providing for a maximum price of Rs 400 per Equity share of Rs. 10 each does not mean that the company is obliged to buy or continue to buy shares so long as the price is below Rs.400 per Equity share. Similarly the fact that the resolution indicates a Maximum Offer Size of Rs 73 crore and the maximum number of Equity shares at 62,15,347 does not indicate that the company will utilize or is obliged to utilize the entire amount of Rs 73 crore in the buyback or that the company will buy or is obliged to buy all the said number of Equity shares.

## 12. STATUTORY APPROVALS

Pursuant to the Sections 77A, 77AA and 77B, and