



SUMATEX LIMITED

DRAFT RED HERRING PROSPECTUS

Dated: December 7, 2009

Please read Section 60 B of the Companies Act, 1956

(The Draft Red Herring Prospectus will be updated upon filing with the RoC)

100% Book Building Issue

(Originally incorporated in the name of 'Sumatex Services Private Limited' on January 23, 1998 under the Companies Act, 1956 in the State of Rajasthan, vide Registration No. 17-014593 of 1997-98(CIN: U29262RJ1998PLC014593) The name of the company was subsequently changed to 'Sumatex Services Limited' and a fresh Certificate of Incorporation consequent on Change of Name was obtained from Registrar of Companies, Rajasthan on July 20, 2007. The name of the company was further changed to 'Sumatex Limited' and a fresh Certificate of Incorporation consequent on Change of Name was obtained from Registrar of Companies, Rajasthan on August 13, 2007.)

Registered Office: H-81, RIICO Extension, Pur Road, Bhilwara – 311 001, Rajasthan, India.

Tel. No. (01482) 260693, **Fax No.** (01482) 260575

Corporate Office: 513, Palm Spring Centre, Next to "D" Mart, Link Road, Malad (West), Mumbai -400 064.

Tel. No. (022) 4021 2421, **Website:** www.sumatex.com **Email:** ipo@sumatex.in;

Company Secretary & Compliance Officer: Ms. Neha Jain; E-Mail: complianceofficer@sumatex.in

Promoters: Shri Sudeep Malu and Smt. Supriya Malu

PUBLIC ISSUE OF 70,00,000 EQUITY SHARES OF Rs. 10 EACH OF SUMATEX LIMITED (THE 'COMPANY' OR THE 'ISSUER') FOR CASH AT A PRICE OF Rs. [•] PER EQUITY SHARE, INCLUDING A SHARE PREMIUM OF Rs. [•] PER EQUITY SHARE, AGGREGATING UPTO Rs. [•] LAKHS (THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 50% OF THE FULLY DILUTED POST-ISSUE PAID UP CAPITAL OF OUR COMPANY.

PRICE BAND: Rs. [•] TO Rs. [•] PER EQUITY SHARE OF FACE VALUE Rs. 10 EACH.

THE FACE VALUE OF THE EQUITY SHARES IS Rs. 10. THE FLOOR PRICE IS [•] TIMES THE FACE VALUE AND THE CAP PRICE IS [•] TIMES THE FACE VALUE

In case of revision in the Price Band, the Bidding Period will be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, shall be widely disseminated by notification to Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the Equity Shares of our Company are proposed to be listed and whose online IPO systems will be available for bidding, by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager ("BRLM"), Co - Book Running Lead Manager ("Co-BRLM") and the terminals of the Syndicate Member (s).

This Issue is being made through the 100% book building process wherein atleast 50% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds and the remaining QIB portion shall be available for allocation on proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The Face Value of the shares is Rs. 10 and the Issue Price is [•] times of the Face Value. The Price Band (as determined by our Company in consultation with the BRLMs and Co - BRLM on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risks involved. The Equity Shares offered in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" starting from page no. xi of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY




Our Company having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Issue, which is material in the context of this Issue; that the information contained in this Draft Red Herring Prospectus is true and correct in all material respects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

This Issue has been graded by [•] as IPO Grade [•], indicating [•] through its letter dated [•]. For details, please refer to the section titled "General Information" starting from page no. [•] and the section titled "Material Contracts and Documents for Inspection" starting from page no. 217 of this Draft Red Herring Prospectus.

LISTING

The Equity Shares are proposed to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Our Company has received in principle approvals from BSE and NSE vide their letters dated [•] and [•] respectively. BSE shall be the Designated Stock Exchange for the purpose of this Issue.

BOOK RUNNING LEAD MANAGER	CO-BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 ASHIKA CAPITAL LIMITED 1008, Raheja Centre, 214, Nariman Point, Mumbai – 400 021. Tel : (022) 6611 1700 Fax : (022) 6611 1710 Email: mbd@ashikagroup.com Website: www.ashikadirect.com SEBI REGN NO: INM 00010536 Contact Person: Ms. Nimisha Joshi	 BOB CAPITAL MARKETS LIMITED Meher Chambers, Dr. S. B. Marg, Off R. Kamani Marg, Ballard Estate, Mumbai – 400 038. Tel Nos: (22) 6637 2301/02/03/04 Fax No. : (22) 6637 2312 Email : sumatex_ipo@bobcapitalmarkets.com Website: www.bobcapitalmarkets.com SEBI REGN NO : INM 000009926 Contact Person: Mr. Puneet Vyas / Mr. Harshal Desai	 ADROIT CORPORATE SERVICES PVT. LTD. 19/20, 1 st Floor, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (East) Mumbai – 400 059. Tel No: (022) 2859 4060 /2859 6060 Fax No: (022) 2850 3748 Email: sumatexipo@adroitcorporate.com Website: www.adroitcorporate.com SEBI REGN NO: INR000002227 Contact Person: Ms. Veena S. Shetty

BID/ ISSUE PROGRAMME

BID/ ISSUE OPENS ON: [•], 2010

BID/ ISSUE CLOSES ON: [•], 2010

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SECTION I - DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL / GENERAL TERMS:

TERM	DESCRIPTION
Articles / Articles of Association / AoA	Articles of Association of Sumatex Limited
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited, Mumbai
BPLR	Benchmark prime lending rate of the relevant bank
Companies Act	The Companies Act, 1956, as amended from time to time for the time being in force
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time for the time being in force
Depository Participant	A depository participant as defined under the Depositories Act
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force
Financial Year/FY / 31st March	Generally a period of twelve months ended March 31 st of that particular year. In case of financial year 2008-09 it is a period of 15 months ended 30 th June.
FIs	Financial Institutions
FII/ Foreign Institutional Investor	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income-Tax Act, 1961, as amended from time to time and for the time being in force
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of Sumatex Limited
NRI / Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000.
OCB	Overseas Corporate Bodies: A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including oversees trusts, in which not less than 60% of beneficial irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Securities by a Person resident outside India) Regulations, 2000
SCRR	Securities Contracts (Regulations) Rules, 1957 as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009



II. ISSUE RELATED TERMS:

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Allottee	The successful applicant to whom the Equity Shares are being / or have been issued or transferred
ASBA	An application for subscribing to an issue, containing an authorisation to block the application money in a bank account.
ASBA Investor	An Investor who intends to apply through ASBA process and (a) is a “Resident Retail Individual Investor”; (b) is bidding at cut-off, with single bid option as to the number of shares bid for; (c) is applying through blocking of funds in a bank account with the SCSB; (d) has agreed not to revise his/her bid
ASBA Form	Bid cum Application form for Resident Retail Individual Investor intending to subscribe through ASBA
ASBA Public Issue Account	A bank account of the company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA investors
Banker(s) to the Issue	HDFC Bank Ltd. and Bank of Baroda
Basis of Allotment	The basis on which Equity Shares will be allotted to bidders under the issue and which is described in “Issue Procedure – Basis of Allotment” on page no. [•]
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Closing Date	[•] the date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid/ Issue Opening Date	[•] the date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of this DRHP.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this DRHP and the Bid-cum-Application Form.
Book Building Process / Method	Book building mechanism as provided under Schedule XI of the SEBI (ICDR) Regulations 2009, in terms of which this Issue is made.
BRLM	Book Running Lead Manager to this Issue, in this case being - Ashika Capital Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.



Sumatex Limited

Term	Description
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by our Company in consultation with the BRLMs and Co - BRLM it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Co-BRLM	Co- Book Running Lead Manager to this Issue, in this case being - BOB Capital Markets Limited
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account and the amount blocked by the SCSBs are transferred from the bank account of the ASBA Bidders to the Public Issue Account, as the case may be, after the Prospectus is filed with the Registrar of Companies, Rajasthan, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being Bombay Stock Exchange Limited (BSE)
DRHP	Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the equity shares are offered and the size (in terms of value) of the Issue
ECS	Electronic Clearing Service
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue
Equity Shares	Equity Shares of our Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement dated [●] entered into among our Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM and Co - BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders excluding ASBA Bidders.
Escrow Collection Bank(s)/ Banker(s) to this Issue	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being HDFC Bank Ltd. and Bank of Baroda.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form or the ASBA Bid cum Application Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue size	Issue of 70,00,000 equity shares of Rs. 10/- each for cash at a price of Rs. [●] per equity share aggregating upto Rs. [●] lakhs (hereinafter referred to as the "issue"). The issue would constitute 50 % of the fully diluted post issue paid-up capital of our company.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	Rs [●] per share of equity share of face value of Rs. 10 each, the final price at which Equity Shares will be issued and allotted in terms of this



Sumatex Limited

Term	Description
	DRHP. The Issue Price has been decided by our Company in consultation with the BRLM on the Pricing Date.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	5% of the QIB Portion of this issue available for allocation to Mutual Funds only i.e. Issue of 1,75,000 Lakh equity shares of Rs. 10 each for cash at a price of Rs. [●] aggregating Rs [●] Lakhs
NEFT	National Electronic Fund Transfer
Net Issue to public	The present Issue is referred to as Net Issue to Public i.e. Issue of 70,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] aggregating Rs. [●] Lakhs.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000.
Non Institutional Portion	The portion of this Issue being at least 15% of the Net Issue consisting of 10,50,000 Equity shares of Rs.10 each aggregating Rs. [●] Lakhs, available for allocation to Non Institutional Bidders.
Pay-in Date	Except with respect to ASBA Bidders Bid/ Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: Except with respect to ASBA Bidders i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in date
Price Band	The price band of a minimum price ("Floor Price") of Rs. [●] and the maximum price ("Cap Price") of Rs. [●] and includes revisions thereof.
Pricing Date	The date on which our Company in consultation with the BRLM and Co - BRLM finalised the Issue Price.
Prospectus	The Prospectus, filed with the Registrar of Companies, Rajasthan containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount payable at the time of submission of their bid.
QIB Portion	The portion of the issue being at least 50% consisting of 35,00,000 Equity Shares of Rs. 10 each to be allotted to QIBs.
Qualified Institutional Buyers or QIBs	Public financial institution as defined in section 4A of the Companies Act, 1956, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), provident funds with minimum corpus of Rs. 2,500 lakhs and pension funds with minimum corpus of Rs.2,500 lakhs and National Investment Fund set up by Resolution F.NO. 2/3/2005 DD II Dated Nov.23,2005



Sumatex Limited

Term	Description
Red Herring Prospectus	The Red Herring Prospectus dated [•] issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies, Rajasthan at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Rajasthan, after pricing and allocation.
Refund Banker	[•]
Refunds through electronic transfer of funds	Means refunds through ECS, Direct Credit, NEFT or RTGS as applicable
Registrar/ Registrar to this Issue	Registrars to this issue being Adroit Corporate Services Pvt. Ltd. having its Registered Office as indicated on the cover page
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs.1,00,000 in any of the bidding options in this Issue.
Retail Portion	Consists of issue of 24,50,000 Equity Shares of Rs. 10 each for cash at a price of Rs [•] aggregating to Rs. [•] lakhs, being at least 35% of the Net Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
RTGS	Real Time Gross Settlement
Self Certified Syndicate Bank (SCSB)	Self Certified Syndicate Bank (SCSB) is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Syndicate	The BRLM, Co-BRLM and the Syndicate Member(s).
Syndicate Agreement	The agreement dated [•] entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate members are appointed by the BRLM and in this case being Ashika Stock Broking Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member(s).
Underwriting Agreement	The Agreement among the Underwriters and our Company entered into on or after the Pricing Date.

III. ISSUER/ INDUSTRY-RELATED TERMS:

TERM	DESCRIPTION
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Auditors	The statutory and tax auditors of our Company is R.C. Somani & Associates, Chartered Accountants
Sumatex /We/ Us/ our Company/ the issuer	Unless the context otherwise indicates or implies refers to Sumatex Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office at Bhilwara, Rajasthan.
Board of Directors	The Board of Directors of Sumatex Limited or a committee thereof
Compliance Officer	Compliance Officer of our Company in this case being, Ms. Neha Jain, Company Secretary



Sumatex Limited

Corporate Office	513, Palm Spring Centre, Next to "D" Mart, Link Road, Malad(West), Mumbai -400 064.
Director(s)	Director(s) of our Company unless otherwise specified
Equity Shares	Equity shares of face value of Rs.10 each of our Company unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity shares of our Company unless otherwise specified in the context otherwise.
Face Value	Value of paid-up Equity Capital per Equity Share, in this case Rs. 10/- each.
FVCI	Foreign venture capital investor registered under the FVCI Regulations.
Non-Resident	A Person resident outside India, as defined under FEMA and includes a Non Resident Indian.
Promoter(s)	Persons whose name have been inserted as promoters as referred on Cover page. i.e. Shri Sudeep Malu and Smt. Supriya Malu
Registered Office of our Company	H-81, RIICO Extension, Pur Road, Bhilwara – 311 001, Rajasthan, India
TUF Scheme	Technology Upgradation Fund Scheme

In the section entitled "Main Provisions of Articles of Association of our Company", defined terms have the meaning given to such terms in the Articles of Association of our Company.

IV. ABBREVIATIONS:

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
ASBA	Application Supported by Blocked Amount
ASSOCHAM	Associated Chambers of Commerce and Industry of India
AY	Assessment Year
BRLM	Book Running Lead Manager
BIFR	Board For Industrial & Financial Reconstruction
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CDSL	Central Depository Securities Ltd.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Company Identity Number
CIT	Commissioner of Income Tax
Co-BRLM	Co- Book Running Lead Manager
CPM	Computerised Pattern Maker
DPID	Depository Participant Identification
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
EGM	Extraordinary General Meeting
EPS	Earnings Per Equity Share i.e. profit after tax divided by outstanding number of Equity Shares at the year end.
FCNR Account	Foreign Currency Non Resident Account
GAAP	Generally Accepted Accounting Principles
GIR Number	General Index Registry Number
GoI	Government of India
HOD	Head of Department
HR	Human Resources
HUF	Hindu Undivided Family
INR/ Rs	Indian National Rupee
Ltd.	Limited



Sumatex Limited

MoU	Memorandum of Understanding
N.A. / n.a.	Not Applicable
NAV	Net Asset Value being paid-up Equity Share Capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares.
NRE Account	Non Resident External Account
NRI	Non-Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depositories Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PPP	Public Private Partnership
Pvt.	Private
Pvt. Ltd.	Private Limited
QIP	Qualified Institutional Placement
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, Corporate Bhawan, G/6-7, Second Floor, Residency Area, Civil Lines, Jaipur – 302 001, Rajsthan, India
RoNW	Return on Net Worth
SEBI	Securities & Exchange Board of India
SEBI Regulation	SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009
Sec.	Section
UIN	Unique Identification Number
VCF	Venture Capital Funds



SECTION II – GENERAL

NOTICE TO INVESTORS

The Equity Shares have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States. The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”) and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “QIBs”) in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur. This Draft Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area (“EEA”), from the requirement to produce a prospectus for offers of Equity Shares. The expression “Prospectus Directive” means Directive 2003/71/EC of the European Parliament and Council and includes any relevant implementing measure in each Relevant Member State (as defined below). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Draft Red Herring Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to produce a prospectus for such offer. None of the Company and the Underwriters have authorised, nor do they authorise, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Underwriters which constitute the final placement of Equity Shares contemplated in this Draft Red Herring Prospectus.



CERTAIN CONVENTIONS: USE OF FINANCIAL AND MARKET DATA

In this DRHP, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Sumatex”, unless the context otherwise indicates or implies, refers to Sumatex Limited. In this DRHP, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lakh or Lac” means “one Hundred thousand”, the word “Crore” means “hundred Lakhs”, the word “million (million)” means “ten lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In this DRHP, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off. Throughout this DRHP, all figures have been expressed in Rupees, except when stated otherwise. All references to “Rupees” and “Rs” in this DRHP are to the legal currency of India.

Unless indicated otherwise, the financial data in this DRHP is derived from our restated standalone financial statements prepared in accordance with Indian GAAP and included in this DRHP. Unless indicated otherwise, the operational data in this DRHP is presented on a standalone basis and refers to the operations of our Company. Our financial year generally commences on April 1 and ends on 31st March so all references to a particular 31st March year are to the twelve-month period ended 31st March of that year except in case of preceding financial year consisting of 15 months period ended on 30th June.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this DRHP will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this DRHP should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in this DRHP, please refer to the section titled “Definitions and Abbreviations” beginning on page i this DRHP. In the section titled “Description of Equity Shares and Terms of the Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

Market data used throughout this DRHP has been obtained from internal Company reports and data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this DRHP is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.



FORWARD-LOOKING STATEMENTS

This DRHP includes certain forward looking statements with respect to our financial condition, results of operations and business. These forward-looking statements can generally be identified by the fact that they do not relate to any historical or current facts. Forward-looking statements often use words such as “anticipate”, “expect”, “estimate”, “intend”, “plan”, “believe”, “will”, “may”, “should”, “would”, “could” or other words with similar meaning. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. By their nature, forward looking statements are subject to risk and uncertainty and there are a number of factors that could cause actual results and developments to differ materially from those expressed in or implied by, such forward-looking statements.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have businesses and our ability to respond to them, our ability to successfully implement strategy, growth and expansion of our business, technological changes, exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industry.

For further discussions of factors that could cause our actual results to differ, please see the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages [•] and [•] of this DRHP. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, nor the BRLM nor the Co-BRLM nor the other Underwriters, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, the Company, the BRLM, Co-BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges are received in relation to the Equity Shares.



SECTION III – RISK FACTORS

RISK FACTORS

An investment in equity shares involves a degree of financial risk. You should carefully consider all information in this DRHP, including the risks described below, before making an investment in our Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our business. Any of the following risks, as well as the other risks and uncertainties discussed in this DRHP, could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline. In addition, the risks set out in this DRHP may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future.

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

Materiality:

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

- a) Some events may not be material individually, but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at present but may have material impact in future.

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

RISK FACTORS INTERNAL TO OUR COMPANY:

1. *Our Company is involved in certain legal and other proceedings and may incur certain liabilities if the cases are decided against us.*

We are involved in a few legal cases, including among others, tax and labour claims. To date, we believe that these cases are not material to our business as a whole. However, in the event that all of the cases are decided against us, they could have a material adverse effect on our results of operations.

We have one labour case pending against us before the Commissioner under Workmen's Compensation Act, 1923 claiming an aggregate amount of Rs. 4.75 Lakhs.

We have two proceedings against us relating to Central Excise matter. These claims pertain to the past periods and appeals are pending before the Customs, Excise and Service Tax Appellate Tribunal, New Delhi for a total disputed amount of Rs.215.00 Lakhs.

The State of Rajasthan has claimed an amount of Rs.15.63 Lakhs as tax from the Company under the provisions of the Rajasthan Tax on Entry of Goods into Local Areas Act, 1999. Writ petition has been filed by the Company before the Rajasthan High Court challenging the same.

For further details of outstanding litigation pending against us, please refer to the section titled —"Outstanding Litigation and Material Developments" beginning on page no.128 of this DRHP.



2. *There are certain restrictive covenants in the loan agreements entered into by us which could influence our ability to expand, in turn affecting our business and results of operations.*

We have entered into agreements with Bank of Baroda for short term loans and long term borrowings. Our company is subject to certain restrictive covenants of loan agreements entered into with our bankers. These restrictive covenants require our Company to obtain a prior permission of the banks for various activities, including amongst others, effecting any change in the Company's capital structure; implementing any scheme of expansion/ modernization/ diversification/ renovation or acquisition of any fixed assets under such scheme; formulating a scheme of amalgamation or reconstruction; making any drastic changes in the Company's management set-up; undertaking any trading activity other than the sale of products arising out of the Company's own manufacturing operations.

Further, our company has created a charge in favour of our bankers against the fixed assets of the company. In case of default by our company in repayment of the loans, our bankers may exercise their rights over the security, which may be detrimental to the interest of our company.

3. *The deployment of the issue proceeds is entirely at the discretion of the Management / Company and no independent agency has been appointed to monitor its deployment.*

As per the SEBI (ICDR) 2009, monitoring agency is required to be appointed only if the present issue size is more than Rs. 500 crores, to monitor the utilization of funds. Our Board of Directors will monitor the utilization of the proceeds of the issue. We will disclose the utilization of the proceeds of the issue under a separate head in our Balance Sheet clearly specifying the purpose for which such proceeds have been utilized. We will also, in our Balance Sheet provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the issue.

4. *We occupy the premises wherein our corporate office is located on leave and license basis and any termination of this agreement and / or non renewal could adversely affect our operations.*

We do not own the premises on which our corporate office is located. We have entered into leave and licence agreements for 36 months period starting from April 01, 2009 to March 31, 2012, for our corporate office in Mumbai. If this agreement is terminated by licensor or we are required to vacate the premises, we may have to identify the other premises to relocate our corporate office, which could disrupt our business operations. Further, we can not assure that we will be able to obtain alternate premises on terms favourable to us, which may also adversely affect our financial condition.

5. *We face significant competition in our business from Indian and international players and inability to compete effectively could have a material impact on our future operations and profitability.*

We operate in a highly competitive business environment and compete with unorganized players in domestic and international manufacturers on the basis of performance, price, reputation, warranty terms and other commercial terms and conditions.

Some of our competitors may have competitive advantage in terms of brand recognition, existing customer relationships and marketing reach. Further, some of our international competitors are companies, divisions or units that are larger and have greater financial and other resources than us. They might expand their production capacity, be in a better position to foresee the course of market development, develop new products that are superior to ours or adapt more quickly than we do to newer technologies or the evolving industry or customer requirements. In such a competitive scenario, we may face pricing pressures and may have to incur substantial expenditure in the promotion of our products. There can be no assurance that we will be able to compete effectively with



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them and any failure to do so may decline our market share and/or have an adverse effect on our financial conditions and our results of operations.

6. Any failure to keep abreast with the latest trends in the technologies may adversely affect our cost competitiveness and ability to develop new products.

We operate in a technologically intensive environment, where we compete on a global scale. Players of the Textile industry are largely dependent on the technology adopted. The manufacturing process in the Textile Industry is prone to technological and process changes. Technology by its very nature is dynamic and ever-changing, and we may not be able to keep pace with the rapidly changing technological environment. Any such failure on our part could adversely affect our ability to compete efficiently, our cost-competitiveness and the quality of our products, which could consequentially adversely affect our sales and profitability.

7. We have certain contingent liabilities which have not been provided for and if it crystallises, this could adversely affect our financial condition.

As on October 31, 2009, contingent liabilities not provided for aggregated to Rs. 215.00 lakhs. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. The contingent liabilities are as follows:

(Rs. In Lakhs)					
Particulars	31.10.2009 (4 months)	30.6.2009 (15 months)	31.3.2008	31.3.2007	31.3.2006
Excise Duty	215.00	215.00	0.00	0.00	0.00
TOTAL	215.00	215.00	0.00	0.00	0.00

8. Our operations are subject to high working capital requirements. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our operations.

Our business requires high working capital. In many cases, significant amount of our working capital is required for local purchases, import of various raw materials, components, electric & electronic components, bearings & fasteners etc, purchase of other raw materials and for maintaining stock. We may need to incur additional indebtedness in the future to satisfy our working capital needs. All of these factors may result in increase in the amount of our receivables and short-term borrowings. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our financial condition and results of operations.

9. We have entered into certain related party transactions and there is no assurance that we may not continue to do so in future also. This could have an adverse effect on our financial condition and results of operation.

During the course of our business, we have entered into certain transactions with related parties, aggregating to Rs. 121.34 Lakhs for the 4 months period ended October 31, 2009. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have obtained more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into such related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details related to such transactions refer to section titled 'Financial Statements'- Related Party Transactions beginning on page no. 117 of this DRHP.



- 10. Our manufacturing activities are dependent upon availability of skilled and unskilled labour. Our inability to attract labour, retain labour or maintain harmonious relations with labour may adversely affect the operations of our Company.**

Our Company proposes to manufacture machinery for Textile Industry including Computerized Pattern Makers (CPM) for which we require both skilled and unskilled labour. Non-availability of labour and/or any disputes between the labour and the management may affect the continuity of our business operations.

- 11. Any labour disruption in our manufacturing facilities could adversely impact our business.**

We operate in a labour intensive industry. Any labour disruptions may have an adverse impact on our business. While there have been no disruption to our operations due to labour disputes in the past and we consider our current labour relations to be satisfactory, there can be no assurance that we will not experience future disruptions to our operations due to disputes including strikes, work stoppages or increased wage demands by our employees or other problems with our work force, which may adversely affect our business and results of operations.

- 12. All our current manufacturing facilities are geographically located at one place, i.e. Bhilwara and the loss or shutdown of operations at the facility could have a material adverse effect on us.**

All our existing manufacturing facilities are based in Bhilwara. As a result, any local social unrest, natural disaster or break down of services and utilities in that area could have material adverse effect on the business, financial position and results of operation of our Company.

- 13. Any shutdown of machinery in our manufacturing facilities could adversely impact our detailed and long manufacturing process and consequently our business.**

We have in-house manufacturing facility for each and every small part of the machinery, which makes our manufacturing process detailed and very long. In this long manufacturing process, we are highly depending on our in-house facilities and which are subject to operational risks including machinery breakdown, failure of power supply, industrial accidents, thefts, disruption in, natural disasters, etc. Although we have not had any such occurrence in the past, the occurrence of these events in the future is not completely ruled out and such breakdowns could delay the manufacturing process and significantly affect our productivity, result in high operational costs and have an adverse effect on our results of operations.

- 14. Our insurance cover may not adequately protect us against all material hazards..**

We have various insurance policies covering stocks, building, furniture, plant and machinery, etc. for total insured amount of Rs.1216.52 Lakhs, details of which are disclosed on page No. 73 of this DRHP. We believe that we have insured ourselves against the majority of the risks associated with our business. Our significant insurance policies provide cover for risks relating to physical loss, theft or damage to our assets, as well as business interruption losses. In addition we have obtained sepeate insurance coverage for personnel related risks for some of our personnel. While we believe that the policies that we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses. To the extent that we suffer loss or damage for events for which we are not insured or for which our insurance is inadequate, the loss would have to be borne by us, and, as a result, our results of operations and financial condition could be adversely affected.



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15. The company has taken unsecured loans from the promoters' amounting to Rs. 104.00 Lacs as on October 31, 2009 which is repayable on demand.

The Company has borrowed an amount of Rs.104.00 Lacs from the promoters' of the company. This amount is repayable on demand. We do not have definitive agreements that govern the terms of such loans and these loans can be recalled by our Promoters at any point of time.

16. We have negative cash flows in the recent five years period, as indicated in the table below (Amount in Lacs)

Particulars	For the 15 months ended June 30 th , 2009	For the year ended 31 st March			
		2008	2007	2006	2005
Net cash from (used in) operating activities	-108.79	-	-127.07	-	-35.51
Net cash from (used in) investing activities	-289.39	-173.12	-105.39	-136.70	-11.83
Net cash from (used in) financing activities	-	-	-	-	-

17. Some of our Group Companies have incurred losses in the past years.

(Amount In Lacs)

Sr. No.	Name of the company	FY 2008	FY 2007
1.	Rajtex Machinery Pvt. Ltd.	--	(1.31)
2.	Sulz Fab Pvt. Ltd.	(0.04)	(1.55)

18. We have in the last 12 months made certain issuances of equity shares to the Promoters and others at a price that may be lower than the issue price.

Date of Allotment	No. of Shares	Face Value (Rs)	Issue Price (Rs.)	Consideration (Cash, other than cash etc.)	Reasons for Allotment
05.10.09	49,95,000	10/-	-	Bonus	Bonus in the ratio of 37 shares against every 5 shares held
30.10.09	13,30,000	10/-	20/-	Cash	Allotted to Promoters /Promoters Group

19. Our Company is promoted by first generation entrepreneurs and the investors will be subject to all consequential risk associated with such ventures.

Our Promoters and management include persons who are first generation entrepreneurs and are new in carrying out business on a large scale. Pursuant to the Issue, our Promoters and management are required to comply with various statutory and regulatory filings and disclosures which expose them to risks which may lead to penal and other consequences.

20. Our business requires a number of statutory and regulatory permits and licenses as required to operate our business and any delay or inability to obtain or renew the same in a timely manner may have an adverse impact on our business.



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Being a manufacturing organisation, we require several statutory and regulatory permits, licenses and approvals to operate our business. Many of these approvals are granted for a fixed period of time and need renewal from time to time. We are required to renew such permits, licenses and approvals periodically. There can be no assurance that the relevant authorities will issue such permits or approvals to our Company or that they will issue in time.

For further details please refer to the section titled "Government Approvals and Licensing Arrangements" beginning on page No.131 of this DRHP.

21. *We have applied for the registration of Trademark for the name "SUMATEX" which is pending for registration.*

We have applied for registration of "SUMATEX" trademark (No. 1317287 dated October 26, 2004 in Class 07) and advertisement before acceptance as per proviso to Section 20 (1) of Trademark Act, 1999, was published in Trade Marks Journal No. 1333 Suppl. (1) dated August 15, 2005. Further, Assistant Registrar of Trade Marks, vide certificate dated August 16, 2005 has certified that a search has been made among the collections of pending marks as well as in the Register of Trade Marks for the artistic work as a whole and that no Trade Mark identical with or deceptively similar to the artistic work has been registered under the Trade Marks Act, 1999 or that no application made under the said Act for registration by any person other than the company who has applied for registration of the artistic work No. 1317287 in Class 07. There can be no assurance whether or when the registration of this trademark and artistic work may be granted by the relevant authorities. For details of approvals relating to intellectual property, see "Government and Other Approvals" beginning on page No. 131. In future we may be restrained from using the trademark which may adversely affect our business and operations.

22. *Key Managerial Persons of top ranking are yet to be recruited.*

We are yet to recruit the key Management Personnel of top ranking and any delay in recruitment may delay in implementation and affect our business and operations.

RISK FACTORS RELATED TO PROJECT OF OUR COMPANY:

23. *Our funding requirements and the deployment of the net proceeds of the Issue are based on management estimates and have not been appraised.*

Our funding requirements and the deployment of the net proceeds of the Issue are based on management's estimates and have not been appraised by any bank/ financial institution. In view of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our expansion plans and an increase or decrease in our proposed expenditure for our expansion plan.

24. *We have not yet placed orders for entire plant & machinery aggregating Rs.1323.45 Lacs required for setting up of our proposed Project. Any delay in placing the orders may result in time and cost overruns, which may affect our profitability.*

We have not yet placed orders for entire plant & machinery aggregating to .Rs.1323.45 Lacs required to set up our proposed Project.

Further, we are subject to risks on account of inflation in the price of plant & machinery and other equipments that are required for executing the project. Our Company has received quotations for these Plant & Machinery, and negotiations with the vendors have commenced. The details of quotations received appear in the section titled 'Objects of the Issue' on page No. 29 of this DRHP.



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Any delay in placing the orders or delay at the suppliers' end in providing timely delivery may result in time and cost overruns, consequently affecting our profitability.

25. *Our Project is dependent on performance of external agencies. Any non performance by these agencies may result in incremental cost and time overruns of the Project and in turn could adversely affect our business operations and profitability.*

Our new Project is dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant & machinery and supply & testing of equipments. We cannot assure that the performance of external agencies will meet the required specifications or performance parameters. If the performance of these agencies is inadequate in terms of the requirements with respect to timeline and quality of performance, we may require to replace these external agencies even, which could result in incremental cost and time overruns of the Project, and in turn could adversely affect our business operations and profitability.

EXTERNAL RISK FACTORS

1. *Instability in Indian financial markets could adversely affect the Company's results of operations and financial condition.*

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

The current global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States of America, has led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on the Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

2. *Global economic, political and social conditions may affect our ability to do business, increase our costs and negatively affect our stock price.*

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

3. *Political instability or changes in the Indian central government could adversely affect our business.*

We are incorporated in India, derive our revenues from operations in India and all of our assets are located in India. Consequently, our performance and the market price of the Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.



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The central government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. The current government has announced that its general intention is to continue India's current economic and financial sector liberalization and deregulation policies.

However, there can be no assurance that such policies will be continued, and a significant change in the government's policies could affect business and economic conditions in India, and could also adversely affect our financial condition and results of operations.

Political instability or changes in the government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

4. *Terrorist attacks, war, natural disaster or other catastrophic events may disrupt or otherwise adversely affect the markets in which we operate our business and therefore, our profitability.*

Our business may be adversely affected by a war, terrorist attack, natural disaster or other catastrophe. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our customers, the financial markets or the overall economy. In recent times, terrorist attacks in India have become more prevalent. Such attacks may have a material adverse effect on the Indian and global financial markets. Any deterioration in relations between India and Pakistan may result in actual or perceived regional instability. Events of this nature in the future could have a material adverse effect on our ability to develop our operations. As a result, our business, prospects, results of operations and financial condition could be materially adversely affected by any such events.

5. *The price of our Equity Shares may be highly volatile, or an active trading market for its equity shares may not develop.*

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Our results of operations and performance, in terms of market share;
- Performance of the Indian economy;
- Changes in Government policies;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Perceptions about our future performance or the performance of Indian Textile companies generally;
- Performance of the Company's competitors in the Indian Textile Industry and market perception of investments in the Indian Textile Industry;
- Adverse media reports on our Company or the Indian Textile Industry;
- Changes in the applicable tax incentives;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.



PROMINENT NOTES

1. Issue Of 70,00,000 Equity Shares Of Rs. 10/-each for cash at a price of Rs. [●] per Equity Share aggregating upto Rs. [●] Lacs (hereinafter referred to as The "Issue").The Issue would constitute 50% of the fully diluted Post Issue Paid-Up capital of our Company.
2. The pre-issue net worth of our Company was Rs. 557.13 Lakh as per our restated audited financial statements as on June 30, 2009.
3. The average cost of acquisition of Equity Shares by our Promoters Mr. Sudeep Malu is Rs. 8.06 and Mrs. Supriya Malu is Rs. 7.98 per Equity Share.
4. Book value per Equity Shares (of face value Rs.10/-) of our Company, as per our restated audited financial statements as on June 30, 2009 was Rs. 86.38.
5. Trading in equity shares of our Company for all the investors shall be in dematerialised form only.
6. Other than what is stated under the head "Capital Structure" beginning on Page No. 19 of this DRHP, our company has not issued any shares for consideration other than cash.
7. For details on Related Party Transactions refer to the chapter titled "Related Party Transactions" page No. 117 of this DRHP.
8. Investors are free to contact the BRLM Co-BRLM or the Compliance Officer for any complaints/ information/ clarification pertaining to this Issue. For contact details of the BRLM and the Co-BRLM, please refer to the cover page of this DRHP.
9. All information shall be made available by the BRLM,Co-BRLM and our Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
10. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page No. 42 of this DRHP before making an investment in this Issue.
11. This Issue is being made through 100% Book Building Process wherein atleast 50% of the Net Issue to the Public will be available for allocation to Qualified Institutional Buyers ("QIB") on a proportionate basis, subject to valid bids being received at or above the Issue Price. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Funds Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, at least 15% of the Net issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Net issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
12. Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form and also update their demographic details with their respective depository participant.
13. Investors are advised to go through the paragraph on "Basis of Allotment" beginning on page No. 174 of this DRHP.
14. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the chapter titled "Issue Procedure" on page No. 153 of this DRHP.
15. Our Company, and the BRLM/Co-BRLM will update the Offer Document in accordance with the Companies Act and the SEBI (ICDR) Regulations 2009 and our Company, the BRLM and the Co-



Sumatex Limited

BRLM will keep the public informed of any material changes relating to our Company till the listing of our shares on the stock exchanges.

16. Our promoters, their relatives and associates, promoter group and our directors have not entered into any of the transactions in our Equity Shares directly or indirectly in the past six months except as mentioned under notes to the capital structure beginning on page No. 19- of this DRHP.
17. There were no transactions in the securities of Company during preceeding 6 months which were financed directly or indirectly by the Promoters, their relatives, their group companies or associates or by the entities directly or indirectly through other persons.
18. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report on Page No. 104 of this DRHP.
19. The aggregate value of transactions by the issuer with group / associate companies during the last three years is Rs.304.85 Lacs, details of which are disclosed under "Auditors' Rerpot beginging on Page No. 104 of this DRHP.
20. Our company originally incorporated in the name of 'Sumatex Services Private Limited' on January 23, 1998 under the Companies Act, 1956 in the State of Rajasthan. The name of the company was subsequently changed to 'Sumatex Services Limited' and a fresh Certificate of Incorporation consequent on Change of Name was obtained from Registrar of Companies, Rajasthan on July 20, 2007. The name of the company was further changed to 'Sumatex Limited' and a fresh Certificate of Incorporation consequent on Change of Name was obtained from Registrar of Companies, Rajasthan on August 13, 2007.
21. No part of the Issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or Group Company.



SECTION IV – INTRODUCTION

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire DRHP, including the information on “Risk Factors” and our “Financial Statements” and related notes beginning on page no. xi and 104 respectively of this DRHP, before deciding to invest in our Equity Shares.

SUMMARY OF INDUSTRY

About the Textile in India

The Indian textile industry is one of the oldest and most significant industries in the country. It accounts for around 4 per cent of the gross domestic product (GDP), 14 per cent of industrial production and over 13 per cent of the country's total export earnings. Moreover, it provides employment to over 35 million people.

The Indian textile industry is estimated to be around US\$ 52 billion and is likely to reach US\$ 115 billion by 2012. The domestic market is likely to increase from US\$ 34.6 billion to US\$ 60 billion by 2012. It is expected that India's share of exports to the world would also increase from the current 4 per cent to around 7 per cent during this period.

India's textile exports have shot up from US\$ 19.14 billion in 2006-07 to US\$ 22.13 billion in 2007-08, registering a growth of over 15 per cent.

Investments in the Textile Sector

The domestic textiles and apparels market in India is witnessing strong growth owing to a young population, an increase in disposable incomes and a rapid growth in organised retail.

Consequently, the domestic market is estimated to grow to over US\$ 50 billion by 2014. Significantly, the textile sector is estimated to offer an incremental revenue potential of no less than US\$ 50 billion by 2014 and over US\$ 125 billion by 2020.

The textile sector registered 50 per cent increase in investment during 2008-09 to US\$ 10.46 billion from US\$ 6.57 billion in 2007-08, according to an ASSOCHAM study.

The textile industry has attracted foreign direct investment (FDI) worth US\$ 677 million from April 2000 to March 2009.

Technical Textiles

Technical or functional textiles are those textiles that have some functional properties attached to it and are different from traditional textiles that are merely used for adoration. The technical textiles market which at present is around US\$ 80.1 million and growing at a healthy pace of about 12 per cent,

Keeping this in mind, the government has designed Centres of Excellence for agrotech, buildtech, meditech and geotech group of technical textiles at an outlay US\$ 8.97 million. The government will shortly launch a US\$ 122.42 million Technology Mission on Technical Textiles and also create a Development Council for Technical Textiles.



Government Initiatives

In an effort to increase India's share in the world textile market, the government has introduced a number of progressive steps.

- 100 per cent FDI allowed through the automatic route.
- De-reservation of readymade garments, hosiery and knitwear from the small-scale industries sector in end-2000.
- Technology Mission on Cotton was launched in February 2000 to make quality raw material available at competitive prices.
- Technology Upgradation Fund Scheme (TUFS) which was launched to facilitate the modernisation and upgradation of the textiles industry in 1999 has been given further extension till 2011-12. A total of 18,773 applications involving a project cost of US\$ 24.91 billion have been sanctioned under TUFS up to March 31, 2008. The government has given a further subsidy of US\$ 533.9 million under TUFs to underpin its modernisation efforts for meeting market challenges and enabling it to stay competitive in quality and price.
- 40 textile parks are being set up under the Scheme for Integrated Textile Parks (SITP) which will attract an investment of US\$ 4.38 billion.

The government has also announced a US\$ 618 million financial package to waive loan overdues of handloom cooperatives and make available loans at concessional rates for the industry.

The government is also implementing five new schemes during the 11th Five-Year plan period (2007-12) for the development of the handloom sector and the welfare of weavers.

These schemes are namely, the Integrated Handloom Development scheme, the Handloom Weavers' Comprehensive Welfare scheme, the Marketing and Export Promotion scheme, the Mill Gate Price scheme and the Diversified Handloom Development scheme.

(Source: ibef.org August 2009)



SUMMARY OF OUR BUSINESS

The following information is qualified in its entirety, and should be read together with, the more detailed financial and other information included in the DRHP, including the information contained in the section titled "Risk Factors," beginning on page xi of the DRHP.

OVERVIEW

Sumatex Ltd. is a textile engineering company established in January, 1998. It started as a small unit with modest resources and through commitment and dedicated team efforts, it is now a name in weaving technology including Jacquard Technology. The company started with a very basic model of pattern maker machine and has gradually developed various models, based on Jacquard technology, which are compatible and synchronize with all kinds of weaving machines. It has developed the latest technology Jacquards (Computerized Pattern Maker) and is the only manufacturer to do so in India.

Our pattern maker machines have been effectively providing a competitive edge to the weaving industry by adding value to the fabric branding presentation by executing qualitative appearance of styles, patterns, designs, motifs etc., by ensuring availability of these machines and by minimizing the maintenance costs of the weaving machines through restrictive movement of the parts of the weaving machines.

Manufacturing of computerized Pattern Maker (Jacquards) for furnishing is moving up on the logical value chain from existing Computerized Name Writers. It is the outcome of constant and continuous R & D which has been under way for more than 6 years and now successful trial has been taken for full width computerized pattern makers (Jacquards) with latest features and in-house developed user friendly design Software, compatible with these machines.

Sumatex Limited is identified as the benchmarked manufacturer of Computerized Jacquards by the Government of India, Ministry of Textiles and therefore, the product is entitled for credit linked Capital Subsidy @ 20% or Interest Subsidy @ 5% under TUFS.

Existing Business

Our Company is manufacturing Computerized Pattern Makers (CPM) used for 'Name Writing' and designing of fabrics selvages and also patterning of narrow fabrics design. These machines are attached to the weaving machines to make names & styles, patterns, designs, motifs etc. on the fabric selvages, designs to provide an identity to the fabric and make the fabric presentation looks more impressive and eye-catching. This computerized pattern maker is also used in narrow fabric weaving. It is used for making labels, ribbons, designer narrow fabrics etc.

Industrial Set-up

Sumatex is having an engineering set up for manufacturing Computerized Pattern Makers, Jacquards & Weaving Machines. It has two manufacturing facilities in the RIICO Industrial area of Bhilwara aggregating more than 18500 Sqm. of land. The manufacturing facility have been equipped with latest technology machines along with the basic machines, reasonable product development facility, product quality assurance and control systems, product demo setup, software development center, trial production and testing facilities, facilities for imparting product knowledge and client's employees training programs, after sale service center. Product quality and control department has been entrusted with ensuring qualitative aspect of various parts (over 1000 parts & components) manufactured or procured by the company.

Machine assembling shop is being handled by qualified and experienced technicians with sophisticated assembling devices. In-house training programs are regularly conducted to train the personnel



BUSINESS STRATEGY

Continue to recruit and retain highly qualified professionals

Since we believe that our employees are the key contributors to our business success, we will continue to focus on attracting, training, motivating and retaining, skilled and experienced professionals in the textile engineering industry.

Efficient production of high Quality Products

We are focusing and would continue to focus on efficient production of quality products. Our experience in business and technology shall enable us to provide quality products. We believe our quality products enable us to compete with other international players. We shall continue to maintain high standards with respect to latest micro processed based technology, high quality components, user friendly software, purchasing supplies, hiring employees, being transparent in our dealings and delivering our products on time.

Customer Satisfaction

We believe in offering best quality and high standards to our customers. We satisfy our customers by giving them cost effective, innovative and user friendly products which differentiate us from other competitors. We also have a strong belief in customer satisfaction which allows us to widen our customer base by attracting new customers.

After Sales Service

The company has been creating value by providing after sale service in relation to its machines and it has set up a separate customer service cell and deployed dedicated technicians to address customer complaints and service response in the shortest possible time. The company has been able to enlarge the list of valued customers over the years by virtue of its product strength and valued after sale service.

Manufacturing Capabilities

Our manufacturing facilities at Bhilwara (Rajasthan) have the ability to provide comprehensive range of products. Our facilities are versatile in nature and are capable of processing various types of parts of machineries. We believe that our manufacturing infrastructure shall give us an advantage over the players in the unorganized as well as organized sector and shall allow us to compete more effectively.

Wide Product Range

We offer a wide and varied range of products in computerized pattern makers/ Electronic Jacquard Machine, in our product basket, allowing the customer to choose as per their specific requirements and affordability.

Support of Government

The Textile Machinery Manufacturing is one of the largest capital goods segment in India. Therefore, the policies of Indian government are favourable to the Indian Textile Industry. The Central Government's TUF Scheme for textiles is vital in up grading and ensuring flow of capital investment for new technologies. The Central Government's TUF scheme which was introduced in the year 1999 and was extended till 2007 has been further extended for another 5 years up to 2012.

There are certain schemes for creating sound infrastructure for textile viz: Central Government's Scheme for integrated Textile Park, SME Development, Cluster Development Schemes for development of human resources, State subsidy etc. are specifically addressing the development of textiles in India.

Market Share (Domestic)

Our company is the only domestic manufacturer of electronic jacquard in organized sector in India and rest of the manufacturers are from China & Europe. Electronic jacquards simplify the technology experience for textile industries. Our Market performance is geared to the needs of textile creation in the field of jacquards. Till now, our company has successfully supplied more the 9000 jacquards to more than 300 satisfied customers.



Sumatex Limited

Strong Management Team

The promoters and the management have a substantial experience in Textile Industry. The Company is managed by a team of professional managers exclusively focused on different aspects of business including research and development, manufacturing and finance.



SUMMARY OF FINANCIAL INFORMATION

The following summary financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations 2009 and restated as described in the Auditor's Report of our statutory auditors R.C. Somani & Associates, Chartered Accountants dated November 21st, 2009 in the section titled "Financial Information" of this DRHP. You should read this financial data in conjunction with our financial statements for year ended 31st March 2006, 2007, 2008, for the 15 months ended 30th June, 2009 and for the period ended 31st October, 2009 including the Notes thereto and the Reports thereon, which appears under the paragraph on "Financial Information" in this DRHP, and "Management's Discussion and Analysis of Financial Condition and Results of Operations as reflected in the Financial Statements" on page no.104.

SUMMARY STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(Amount In Lacs)

Particulars			As on dated 31st March			
	31st October,09	30th June,09	2008	2007	2006	2005
	4 Months	15 Months	12 Months	12 Months	12 Months	12 Months
Fixed Assets (Gross Block)	1393.28	1326.86	549.74	376.61	271.39	134.95
Less- Accumulated						
Depreciation	200.42	170.69	101.48	71.22	47.22	31.49
Revaluation Reserve	541.55	547.85	0.00	0.00	0.00	0.00
Net Block (A)	651.32	608.32	448.26	305.39	224.17	103.46
Investment (B)	2.84	1.66	0.63	0.13	0.13	0.13
Current Assets, Loans & Advances						
Inventories	424.20	377.72	169.76	138.28	20.60	69.64
Sundry Debtors	358.11	200.42	241.95	279.35	193.58	25.63
Loans & Advances	152.13	196.78	96.55	56.09	44.45	10.37
Cash & Bank Balances	56.79	70.64	115.85	41.15	81.97	11.26
Total (C)	991.24	845.55	624.11	514.87	340.60	116.90
Liabilities & Provisions						
Secured Loan	348.36	586.87	310.12	157.33	61.31	11.62
Unsecured Loan	104.00	25.00	52.28	69.96	47.83	27.04
Deffered Tax Liabilities	26.43	25.23	21.48	17.84	13.92	8.83
Current Liabilities	145.06	104.66	52.08	83.58	56.42	33.74
Provisions	62.30	69.85	100.55	114.63	65.56	13.15
Advances from Customer	76.56	52.29	68.47	0.00	47.10	3.20
Security Deposit from Contractor	12.41	34.51	44.51	48.10	49.65	9.75
Total (D)	775.12	898.40	649.48	491.43	341.79	107.33
Net Worth (A+B+C-D)	870.28	557.13	423.52	328.96	223.11	113.17
Represented By						



Sumatex Limited

Share Capital	700.00	64.50	53.35	43.00	33.00	26.55
Share Application Money	0.00	0.00	8.00	48.50	75.00	5.00
Reserve & Surplus	268.31	562.90	362.17	237.47	115.13	81.65
Less- Misc. Exp. Not written off	98.03	70.26	0.00	0.01	0.03	0.04
NET WORTH	870.28	557.13	423.52	328.96	223.11	113.17

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(Amount In Lacs)

			As on dated 31st March			
Particulars	31st October, 2009	30th June, 2009	2008	2007	2006	2005
INCOME						
Sales						
Manufacturing	679.96	1430.23	1301.08	1344.02	684.41	457.62
Trading	0.00	343.83	75.13	22.28	73.40	1.59
Other Income	24.85	35.91	44.95	9.09	1.52	1.47
Increase / (Decrease) in Stock	-47.67	43.07	-14.80	14.62	9.38	-3.50
Total	657.14	1853.04	1406.36	1390.01	768.70	457.18
EXPENDITURE						
Purchase & Direct expenses	452.35	1313.46	990.53	981.30	516.66	261.81
Staff Cost	69.29	206.27	225.25	234.46	161.76	104.25
Administrative & Marketing Exp.	35.11	80.30	74.87	70.15	33.96	46.61
Finance Expenses	25.84	80.52	31.78	23.74	9.80	4.84
Depreciation	23.43	59.07	30.26	24.19	16.01	10.65
Preliminary expenses written off	0.00	0.00	0.01	0.01	0.01	0.01
Balances Written off						
Total Expenditure	606.02	1739.61	1352.70	1333.85	738.19	428.15
Profit before Taxation	51.12	113.43	53.66	56.16	30.51	29.03
Less: Provision for Taxation :						
Current	5.00	9.30	12.48	15.00	5.00	8.81
Deferred	1.20	3.75	3.64	3.92	5.08	2.16
Profit after Taxation	44.91	100.38	37.54	37.24	20.43	18.06



SUMMARY OF CASH FLOW STATEMENT, AS RESTATED

Statement of Cash Flow as restated :

Particulars	31st October, 2009	30th June, 2009	As on dated 31st March			
			2008	2007	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit/(Loss) before Taxation & extraordinary items	51.12	113.43	53.65	55.39	30.50	29.01
Adjustments for :						
Depreciation	23.43	59.07	30.26	24.19	16.01	10.65
Profit on sale of investment	0.00	0.00	0.00	0.76	0.00	0.00
Net Loss/Profit on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00
Preliminary expenses written off	0.00	0.00	0.01	0.01	0.01	0.01
Operating Profit before Working Capital Changes Adjustment for:	74.55	172.50	83.92	80.35	46.52	39.67
Trade & other receivable	-157.69	41.53	37.40	-85.76	-167.95	46.44
Other current assets	49.71	-101.26	-40.96	-11.64	-34.08	-2.45
Inventories	-46.48	-207.96	-31.48	-117.68	49.04	-53.02
Trade payables	30.03	-13.60	0.82	7.67	153.90	-66.14
Other current liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash from Operating Activities (A)	-49.88	-108.79	49.70	-127.07	47.42	-35.51
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase/Sale of fixed assets (Net)	-66.43	-219.13	-173.13	-105.40	-136.72	-11.85
Preliminary/ Misc. Expenses Capitalised	-34.02	-70.26	0.01	0.01	0.01	0.01
Investment	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash used in Investing Activities (B)	-100.45	-289.39	-173.12	-105.39	-136.70	-11.83
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from Unsecured Loans (Net)	79.00	-27.28	-17.68	22.13	20.79	2.22
Proceeds from Bank borrowing (Net)	-238.51	276.75	152.79	96.02	49.69	2.25
*Issue of Equity Shares	426.05	103.50	63.00	73.50	89.50	54.00
Movement in Loans and Advances	0.00	0.00	0.00	0.00	0.00	0.00
*Addition to Reserve from transferor companies	-130.05	0.00	0.00	0.00	0.00	0.00
Net Cash Receipt/ Used in Financing Activities .(C)	136.49	352.97	198.12	191.64	159.99	58.47
Net Increase /Decrease in Cash & Cash Equivalents (A+B+C)	-13.84	-45.21	74.70	-40.81	70.71	11.13
Cash & Cash Equivalents As on beginning of year	70.64	115.85	41.15	81.97	11.26	0.13
Cash & Cash Equivalents As on end of year	56.79	70.64	115.85	41.15	81.97	11.26



THE ISSUE

Equity Shares Offered: Public Issue of Equity Shares by our Company	70,00,000 Equity Shares of face value Rs.10/- each
Of which	
A) Qualified Institutional Buyers Portion	At least 35,00,000 Equity Shares of face value Rs.10/- each
B) Non-Institutional Portion	Not less than 10,50,000 Equity Shares of face value Rs.10/- each *
C) Retail Portion	Not less than 24,50,000 Equity Shares of face value Rs.10/- each*
Equity Shares outstanding prior to the Issue	70,00,000 Equity Shares of face value Rs. 10/- each
Equity Shares outstanding after the Issue	1,40,00,000 Equity Shares of face value Rs.10/- each
Objects of the Issue	See the Section 'Objects of the Issue' on page No.29.of this DRHP

* If at least 50% of the issue is not allocated to QIBs, the entire subscription money shall be refunded forthwith. Under-subscription if any, in any category, except the QIB portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of the company, in consultation with the BRLM/Co-BRLM and the Designated Stock Exchange. Allocation to all categories shall be made on a proportionate basis.



Sumatex Limited

GENERAL INFORMATION

Our Company was originally incorporated in the name of 'Sumatex Services Private Limited' on January 23, 1998 under the Companies Act, 1956 in the State of Rajasthan. vide Registration No. 17-014593 of 1997-98(CIN: U29262RJ1998PLC014593). The name of the company was subsequently changed to 'Sumatex Services Limited' and a fresh Certificate of Incorporation consequent on Change of Name was obtained from Registrar of Companies, Rajasthan on July 20, 2007. The name of the company was further changed to 'Sumatex Limited' and a fresh Certificate of Incorporation consequent on Change of Name was obtained from Registrar of Companies, Rajasthan on August 13, 2007.

Registered Office	H-81, RIICO Extension, Pur Road, Bhilwara – 311 001.
Corporate Office	513, Palm Spring Centre, Next to "D" Mart, Link Road, Malad (West), Mumbai -400 064.
Works/Factory	SPL-I, RIICO. Area, Pur Road, Bhilwara -311 001. Rajasthan
Address of Registrar of Companies	Corporate Bhawan, G/6-7, Second Floor, Residency Area, Civil Lines, Jaipur – 302 001.
CIN No	U29262RJ1998PLC014593
Website	www.sumatex.com
Email	ipo@sumatex.in

BOARD OF DIRECTORS:

Our Board of Directors comprises the following:

NAME, ADDRESS AND DIN OF THE DIRECTOR	DESIGNATION	STATUS
Mr. Sudeep Malu ADDRESS: A-19, R. K. Colony, Bhilwara – 311 001 DIN : 00177659	Managing Director	Promoter and Executive Director
Mr. Suresh Chandra Kogata ADDRESS: A – 203, Shastri Nagar, Bhilwara 311 001. DIN : 00256893	Additional Director	Independent and Non Executive Director
Mr. Navin Kumar Kakani ADDRESS: C-9, Shastri Nagar, Bhilwara 311 001. DIN : 00935794	Additional Director	Independent and Non Executive Director
Ms. Deepa Heda ADDRESS: Shastri Nagar, Kawa Kheda, Main Road, Bhilwara- 311 001. DIN : 00217500	Additional Director	Independent and Non Executive Director
Mr. Sunil Kumar Agarwal ADDRESS: Sarkari Darwaza, Station Road, Bhilwara – 311 001 DIN : 02822627	Executive Director	Non Independent and Executive Director
Mr. Surendra Chandna ADDRESS: 2F8, New Housing Board, Shastri Nagar, Bhilwara DIN : 00923696	Additional Director	Independent and Non Executive Director
Mr. Jagraj Singh Choudhury	Additional	Independent and Non Executive



Sumatex Limited

ADDRESS:303, Panch Ratna Complex, Fatehpura Bedla Road, Udaipur. DIN :02822661	Director	Director
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For detailed profile of Our Directors please refer to section titled “Our Management” on page No.82 of this DRHP.

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Neha Jain

H-81, RIICO Extension,
Pur Road, Bhilwara – 311 001.
Rajasthan, India
Tel. No. (01482) 260693
Fax No. (01482) 260575
E-Mail: complianceofficer@sumatex.in

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account or refund orders.

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

BOOK RUNNING LEAD MANAGER

Ashika Capital Limited

1008, Raheja Centre, 10th Floor,
214, Nariman Point,
Mumbai - 400 021.
Tel: + 91 – 22 – 6611 1700
Fax: + 91 – 22 – 6611 1710
Email: mbd@ashikagroup.com
Website: www.ashikadirect.com
SEBI Regn. No: INM 000010536
Contact Person: Ms. Nimisha Joshi

CO-BOOK RUNNING LEAD MANAGER

BOB Capital Markets Limited

Meher Chambers, Dr. S. B. Marg,
Off R. Kamani Marg,
Ballard Estate,
Mumbai – 400 001..
Tel Nos: 91-22- 6637 2301/02/03/04
Fax No. : 91-22-6637 2312
Email -ID: sumatex_ipo@bobcapitalmarkets.com
Investor Grievance ID: investorgrievance@bobcapitalmarkets.com
Website: www.bobcapitalmarkets.com
Sebi Registration No. : INM 000009926
Contact Person: Mr. Puneet Vyas / Mr. Harshal Desai



LEGAL ADVISORS TO THE ISSUE

Alliance Corporate Lawyers

1 & 2, Kothari Mansion, First Floor,
Opp. G.P.O., Mint Road, Fort,
Mumbai - 400 001.
Tel No: (022) 2267 1350
Fax No: (022) 2267 1351
Contact Person: Mr. R. S. Loona
Email: rs.loona@alliancelaw.org
Website: www.alliancelaw.org

AUDITORS

**R.C. Somani & Associates
Chartered Accountants**

202, Ahinsa Tower,
2nd Floor, Gandhi Nagar,
Bhilwara - Rajasthan
Tel No: (01482) 321114
Email: rameshcsomani@gmail.com

REGISTRAR TO THE ISSUE

Adroit Corporate Services Private Limited

19/20, 1st Floor, Jaferbhoy Industrial Estate,
Makwana Road, Marol Naka, Andheri (East)
Mumbai – 400 059.
Tel No: (022) 2859 4060 /2859 6060
Fax No: (022) 2850 3748
Contact Person: Ms. Veena S. Shetty
Email: sumatexipo@adroitcorporate.com
Website: www.adroitcorporate.com

BANKERS TO OUR COMPANY

Bank of Baroda
SSI Branch, Industrial Estate, Pur Road,
Bhilwara (Rajasthan)

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

Bank of Baroda

Bank of Baroda, SSI Branch,
Pansal Chouraha, Pur Road ,
Bhilwara-311001, Rajasthan
Contact person: Mr. V. K. Bijawat
Tel No. 01482 240596, 244940
Fax No. 01482 249353
E mail ID - ssibhi@bankofbaroda.com

HDFC Bank Ltd

Lodha, FIG – OPS Department,
I Think Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai -400 042.
Tel. No. 022-3075 2928
Fax No. 022-2579 9801
Contact Person: Deepak Rane
E mail ID : Deepak.rane@hdfcbank.com



SYNDICATE MEMBER(S)

Ashika Stock Broking Limited

1008, Raheja Centre,
214, Nariman Point,
Mumbai – 400 021.
Tel: +91 22 6611 1706
Fax: +91 22 6611 1710
Email: ipo@ashikagroup.com
Website: www.ashikadirect.com
Contact Person: Mr. Dilip Minny

SELF CERTIFIED SYNDICATE BANKS

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

REFUND BANKER

[•]

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

CREDIT RATING

As this is an Issue of Equity Shares, there is no requirement of credit rating for this Issue.

IPO GRADING

The Company has appointed [•] for grading of this IPO and the same is awaited. This Issue has been graded as [•] indicating [•], pursuant to the SEBI Regulations. The rationale furnished by the grading agency for its grading, will be available for inspection and will be provided to the Designated Stock Exchange and updated at the time of filing of the Red Herring Prospectus with the RoC.

MONITORING AGENCY

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 500.00 Crore. Since the Issue size is less than Rs. 500 Crore, the Company has not appointed any monitoring agency for this Issue.

However, as per the Clause 49 of the Listing Agreement to be entered into with the stock exchanges upon listing of the equity shares and the Corporate Governance Requirements, the Audit Committee of the company, would be monitoring the utilization of the proceeds of the issue.

APPRAISING ENTITY

The project of the Company has not been appraised by any appraising agency.

TRUSTEES

As this is an Issue of Equity Shares, the appointment of Trustees is not required



INTER-SE ALLOCATION OF RESPONSIBILITIES

The following table sets forth the distribution of responsibility and co-ordination for various activities among the Ashika Capital Limited (Book Running Lead Manager to the Issue/BRLM) and BOB Capital Markets Limited (Co-Book Running Lead Manager to the Issue/ Co-BRLM)

Sr. No.	Activity	Responsibility	Co-ordinator
1.	Capital Structuring with the relative components and formalities such as type of instruments, etc.	Ashika & BOB	Ashika
2.	Conducting a due diligence of the Company's operations/management/business plans/legal, etc. Drafting and designing the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus. Ensuring compliance with the SEBI (ICDR) Regulations 2009 and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI	Ashika & BOB	Ashika
3.	Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements	Ashika	Ashika
4.	Primary co-ordination of drafting/proofing of the design of the Red Herring Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement.	Ashika	Ashika
5.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.	Ashika & BOB	Ashika
6.	Appointing the Registrars, Appointing Bankers to the Issue, Appointing other intermediaries viz., printers and advertising agency	Ashika & BOB	Ashika
7.	Marketing of the Issue, which will cover inter alia: <ul style="list-style-type: none"> ▪ Formulating marketing strategies, preparation of publicity budget, ▪ Finalising media & public relations strategy, ▪ Finalising centers for holding conferences for press and brokers etc, ▪ Finalising collection centers, ▪ Following-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material, ▪ Preparing all road show presentations, ▪ Appointment of brokers to the issue, and ▪ Appointment of underwriters and entering into underwriting agreement. 	Ashika & BOB	BOB
8.	Coordinating institutional investor meetings, coordinating pricing decisions and institutional allocation in consultation with the Company	Ashika & BOB	BOB
9.	Finalising the Prospectus and RoC filing	Ashika	Ashika
10.	Co-ordinating post bidding activities including management of Escrow accounts, coordinating with registrar and dispatch of refunds to Bidders, etc.	Ashika & BOB	BOB



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11.	Follow-up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.	BOB & Asika	BOB
12.	<p>The Post-Issue activities for the Issue will involve essential follow up steps, which include finalizing basis of allotment / weeding out of multiple applications, the listing of instruments and dispatch of certificates and dematerialized delivery of shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business.</p> <p>The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.</p>	BOB & Ashika	BOB

BOOK BUILDING PROCESS

Book Building refers to the process of collection of bids from investors on the basis of this DRHP. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- (1) Our Company;
- (2) Book Running Lead Manager, in this case being Ashika Capital Limited
- (3) Co-Book Running Lead Manager, in this case being BOB Capital Markets Limited
- (4) Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE/ NSE and eligible to act as underwriters, in this case being Ashika Stock Broking Limited
- (5) Registrar to the Issue, in this case being Adroit Corporate Services Pvt. Ltd.
- (6) Escrow Collection Bank,
- (7) SCSBs.

The securities are being offered to the public through the 100% Book Building Process in accordance with the SEBI (ICDR) Regulations 2009 wherein: (i) At least 50% of the Net Issue to the public shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation to mutual funds on proportionate basis and the remaining QIB portion shall be available for allocation to the QIB bidders including mutual funds (ii) not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, and (iii) not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders subject to valid Bids being received at or above the Issue Price in accordance with this DRHP.

QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are required to pay 10% Margin Amount upon submission of their Bid as per the provisions of the SEBI (ICDR) Regulations 2009. For details see the chapter titled “Terms of the Issue” on page No. 146 in this DRHP.

Steps to be taken by a Bidder to make a Bid:

- (1) Check eligibility for bidding (please see the section titled “Issue Procedure-Who can bid?” beginning on page No. 154 of this DRHP);
- (2) Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;



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- (3) Ensure that you have mentioned your PAN in the Bid Cum Application Form or ASBA Form. In accordance with the SEBI Regulations, the PAN would be sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. For details please refer to the section titled "Issue Procedure" beginning on page No.153 of this DRHP. Bidders are specifically requested not to submit their General Index Register number instead of Permanent Account Number as the Bid is liable to be rejected on those grounds.
- (4) Ensure that the Bid cum Application Form or ASBA Form is duly completed as per the instructions given in the DRHP, RHP, and Prospectus and in the Bid cum Application Form; or ASBA Form, as the case may be;
- (5) Bids by QIBs will only have to be submitted to the BRLM; and and Co-BRLM
- (6) The Bidder should ensure the correctness of his or her Demographic details (as defined in the section titled "Issue Procedure" beginning on page no.153 of this DRHP) given in the Bid-cum-Application Form or ASBA Form vis-à-vis those with his or her Depository Participant.
- (7) Bids by ASBA Bidders will only have to be submitted to the SCSBs at the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Form is not rejected.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

The Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs. 60/- to Rs. 72/- per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price will be made available at the websites of the BSE (www.bseindia.com) during the Bidding/ Issue Period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., Rs.66 in the above example. Our Company, in consultation with the BRLMs and Co-BRLM, will finalize the Issue Price at or below such cut off price, i.e., at or below Rs.66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective category.

Bids and any revision in Bids will **only be accepted between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bid/ Issue period as mentioned above at the bidding centres mentioned in the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids and any revision in Bids will only be accepted between 10 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) until such time as permitted by the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. **Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/ Issue**



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Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday).

The Company in consultation with BRLM and Co-BRLM reserve the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI (ICDR) Regulations 2009 provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down up to a maximum of 20% of the Floor Price advertised at least one day before the Bid/Issue Programme: .

In case of revision of the Price Band, the Issue Period will be extended for three additional days after revision of the Price Band, subject to the total Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE, by issuing a press release and also by indicating the changes on the websites of the BRLM and Co-BRLM and on the terminals of members of the Syndicate.

Bid/Issue Period

BID/ISSUE OPENS ON: [•]

BID/ISSUE CLOSING ON: [•]

Withdrawal of the Issue

The Company in consultation with the BRLM and Co-BRLM, reserves the right not to proceed with the issue any time after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason thereof.

Underwriting Agreement

After the determination of the Issue Price and allocation of our equity shares but prior to filing of the Prospectus with Registrar of Companies, Rajasthan, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In Lacs)
Ashika Capital Limited 1008, Raheja Centre, 214, Nariman Point, Mumbai – 400 021.	[•]	[•]
Ashika Stock Broking Limited 1008, Raheja Centre, 214, Nariman Point, Mumbai – 400 021.	[•]	[•]



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BOB Capital Markets Limited Meher Chambers, Dr. S. B, Marg, Off R. Kamani Marg, Ballard Estate, Mumbai – 400 038.	[•]	[•]
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The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of our Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full, as per schedule VIII, Part A, (VI)(B)(15) of SEBI ICDR Regulation, 2009 have been complied with. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIB Bidders is proportionate as per the terms of this DRHP.

The underwriting agreements mentioned above shall not apply to the subscriptions by the ASBA bidders in this offer.



CAPITAL STRUCTURE

SHARE CAPITAL	Nominal Value (Rs.)	Aggregate Value at Issue Price
1. AUTHORISED CAPITAL		
1,50,00,000 Equity Shares of Rs. 10 each	15,00,00,000	15,00,00,000
2. ISSUED SUBSCRIBED AND PAID-UP CAPITAL		
70,00,000 Equity Shares of Rs. 10 each	7,00,00,000	
3. PRESENT ISSUE IN TERMS OF THIS DRHP		
70,00,000 Equity Shares of Rs. 10 each	7,00,00,000	[•]
4. PAID-UP EQUITY CAPITAL AFTER THE ISSUE		
1,40,00,000 Equity Shares of Rs. 10 each	14,00,00,000	[•]
5. SHARE PREMIUM ACCOUNT		
• Before the Issue	-	1,33,00,000
• After the Issue	-	[•]

The issue has been authorized by the Board of Directors in their meeting held on August 08, 2009 and by the shareholders of our company at the EGM held on September 02, 2009.

Details of Increase in Authorised Capital:

Our Company was incorporated on January 23, 1998 with an initial Authorised Capital of Rs.5,00,000 divided into 50,000 Equity shares of Rs.10 each. The subsequent changes are stated below:

(In Rs.)

Date of Change	Increased from	Increased to	AGM/EGM
26.06.1999	5,00,000	10,00,000	AGM
23.02.2004	10,00,000	50,00,000	EGM
20.06.2007	50,00,000	3,00,00,000	EGM
02.09.2009	3,00,00,000	15,00,00,000	EGM



NOTES TO THE CAPITAL STRUCTURE

1. Share Capital History

The following is the history of the equity share capital of the Company up to the date of this DRHP.

Date of Allotment of Equity Shares	No. of Shares Allotted	Cumulative no. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment of Consideration	Cumulative Share Capital (Rs.)	Cumulative Share Premium (Rs.)	Reasons for Allotment
23.01.1998	20	20	10	10	Cash	200	0	Allotment to subscribers of Memorandum & Articles of Association
30.11.2000	49,980	50,000	10	10	Cash	5,00,000	0	Allotted to Promoters/Promoter Group/Others
17.02.2004	50,000	1,00,000	10	10	Cash	10,00,000	0	Allotted to Promoters/Promoter Group/Others
22.03.2004	50,000	1,50,000	10	10	Cash	15,00,000	0	Allotted to Promoters/Promoter Group/Others
29.03.2004	64,500	2,14,500	10	10	Cash	21,45,000	0	Allotted to Promoters/Promoter Group/Others
08.03.2005	51,000	2,65,500	10	100	Cash	26,55,000	45,90,000	Allotted to Promoters/Promoter Group/Others
17.09.2005	50,000	3,15,500	10	10	Cash	31,55,000	45,90,000	Allotted to Promoters/Promoter Group/Others
30.03.2006	14,500	3,30,000	10	100	Cash	33,00,000	58,95,000	Allotted to Promoters/Promoter Group/Others
29.08.2006	1,00,000	4,30,000	10	100	Cash	43,00,000	1,48,95,000	Allotted to Promoters/Promoter Group/Others
28.01.2008	93,500	5,23,500	10	100	Cash	52,35,000	2,33,10,000	Allotted to Promoters/Promoter Group/Others



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12.02.2008	10,000	5,33,500	10	100	Cash	53,35,000	2,42,10,000	Allotted to Promoters/Promoter Group/Others
30.12.2008	40,500	5,74,000	10	100	Cash	57,40,000	2,78,55,000	Allotted to Others
09.04.2009	51,000	6,25,000	10	100	Cash	62,50,000	3,24,45,000	Allotted to Others
22.06.2009	20,000	6,45,000	10	100	Cash	64,50,000	3,42,45,000	Allotted to Others
19.08.2009	30,000	6,75,000	10	100	Cash	67,50,000	3,69,45,000	Allotted to Others
05.10.2009	49,95,000	56,70,000	10	-	Bonus	5,67,00,000	0	Issue of Bonus shares to shareholders in the ratio of 37 shares against every 5 shares held
30.10.2009	13,30,000	70,00,000	10	20	Cash	7,00,00,000	13,30,000	Allotted to Promoters/Promoter Group
Total	70,00,000	70,00,000	-	-	-	7,00,00,000	13,30,000	

- Our company has issued 49,95,000 Equity Shares in the ratio of thirty seven Equity Shares of Rs. 10 each for every five shares held by way of Bonus by capitalization of free reserves. Except mentioned above no shares were issued for consideration other than cash.
- No shares have been issued pursuant to sections 391 to 394 of the Companies Act, 1956.
- No shares have been issued as bonus out of revaluation reserve.
- Details of the allotment made in the last 12 months which could be lower than the issue price:

Sr. No	Date of Allotment	Names of Allottees	No. of Shares	Issue Price	Reasons for Allotment
1	05.10.2009	Mr. Sudeep Malu Mrs. Supriya Malu Sudeep Malu HUF Mr. Surbhit Malu Mrs. Sonali Lunawat Mrs. Sunita Khicha Mr. Mohan Singh Jain Mrs. Nirmala Jain M/s SulzFab Pvt. Ltd	2548116 852184 473600 170200 185000 111000 128020 56980 111000	-	Bonus Shares in the ratio of 37 Equity Shares for every 5 shares held



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		M/s Crest Latex Pvt. Ltd.	151700		
		M/s Cardoid Latex Pvt. Ltd.	207200		
2	30.10.2009	Sudeep Malu	680000	20.00	Allotted to Promoters/Promoter Group
		Supriya Malu	125000		
		Sudeep Malu HUF	125000		
		Rajtex Machinery Pvt Ltd	400000		

6. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. Additionally, if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency for acquisitions or participation in such joint ventures we may enter into and/or we may raise additional capital to fund accelerated growth, subject to the compliance with the relevant regulations etc.

7. Details of Allotment to Promoters/Transfer by Promoters, Promoters Holding and Lock-in:

a) Allotment / Acquisition of Equity Shares to Promoters

Date of allotment/ Transfer	Mode of acquisition (Allotment/ Acquisition)	Nature of Consideration	Number of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price per Share (Rs.)	% of Post Issue Paid – Up Capital
1. Mr. Sudeep Malu (A)						
23.01.98	Allotment	Cash	10	10	10	0.00
30.11.2000	Allotment	Cash	32830	10	10	0.23
17.02.04	Allotment	Cash	50000	10	10	0.36
22.03.04	Allotment	Cash	25000	10	10	0.18
25.09.05	Acquisition	Cash	60000	10	15	0.43
12.09.08	Acquisition	Cash	52000	10	15	0.37
17.09.09	Acquisition	Cash	105500	10	100	0.75
25.09.09	Acquisition	Cash	19000	10	100	0.14
05.10.09	Allotment	Bonus Share	2548116	10	-	18.20
30.10.09	Allotment	Cash	680000	10	20	4.86
Sub Total (A)			3572456	-		25.52
2. Mrs. Supriya Malu (B)						
23.01.1998	Allotment	Cash	10	10	10	0.00



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30.11.2000	Allotment	Cash	17150	10	10	0.12
22.03.04	Allotment	Cash	25000	10	10	0.18
12.09.08	Acquisition	Cash	21500	10	15	0.15
17.09.09	Acquisition	Cash	51500	10	100	0.37
05.10.09	Allotment	Bonus Share	852184	10	-	6.09
30.10.09	Allotment	Cash	125000	10	20	0.89
Sub Total (B)			1092344	-		7.80
Grand Total (A+B)			4664800	-		33.32

Out of the above no shares have been pledged by the promoters.

b) PROMOTERS CONTRIBUTION AND LOCK IN

Name of the Promoter	Date of Allotment /Acquisition	Mode of acquisition (Allotment/ Transfer)	Nature of payment or consideration	Number of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% of Post Issue Paid Up Capital	Lock in Period
Mr. Sudeep Malu (A)	05.10.09	Allotment	Bonus	2548116	10	-	18.20	3 Years
			Sub Total (A)	2548116			18.20	
Mrs. Supriya Malu (B)	05.10.09	Allotment	Bonus	252000	10	-	1.80	3 Years
			Sub Total (B)	252000			1.80	
			Grand Total	2800116			20.00	

20% of the Post-Issue Paid-up Equity Share Capital would be locked-in for a period of three years from the date of allotment. The lock-in period shall be reckoned from the date of allotment of Equity Shares in the present Issue. These securities will not be disposed / sold / transferred by the Promoters during the period starting from the date of filing the DRHP with SEBI till the date of commencement of lock in period as stated in the DRHP.

In addition to 20 % of Post Issue shareholding of our company held by the promoters and locked in for 3 years as specified above, the entire pre issue share capital of our company will be locked in for a period of 1 year from the date of allotment in this issue.

The contribution of the promoter has been brought in to the extent of not less than the specified minimum lot and from persons defined as 'Promoters' under the SEBI Regulations.



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NOTES:

- Further all the Equity Shares, which are being locked in for three years, are not ineligible for computation of promoter's contribution and lock in as per regulation 33 of SEBI (ICDR) Regulations 2009.
- In terms of regulation 39 of SEBI (ICDR) Regulations 2009 the locked-in Equity Shares held by the Promoters can be pledged only with scheduled commercial banks or public financial institutions as collateral security for any loans granted by such banks or financial institutions, provided that the pledge of shares is one of the conditions under which the loan is sanctioned. Further, Equity Shares locked in as minimum promoters' contribution may be pledged only in respect of a financial facility which has been granted for the purpose of financing one or more of the objects of the Issue.
- In terms of regulation 40 of SEBI (ICDR) Regulations 2009, subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, the specified securities held by promoters and locked-in as per regulation 36 may be transferred to another promoter or any person of the promoter group or a new promoter or a person in control of the issuer and the specified securities held by persons other than promoters and locked-in as per regulation 37 may be transferred to any other person holding the specified securities which are locked-in along with the securities proposed to be transferred: Provided that lock-in on such specified securities shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.

Our Company confirms that the minimum Promoter contribution does not consist of:

- Shares acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Securities acquired during the preceding one year, at a price lower than the price at which equity shares is being offered to public in the Initial Public Offer.
- Shares issued to promoters on conversion of partnership firms into limited company.
- Pledged securities held by the promoters with any creditor (in terms of regulation 33(1) (d) of SEBI (ICDR) Regulations, 2009.

8. Shareholding pattern :

The table below presents the shareholding pattern of the Company before and after the proposed issue:

Particulars	Pre-Issue		Post-Issue	
	No. of Shares	% Holding	No. of Shares	% Holding
A. PROMOTER HOLDING				
Promoters				
Mr. Sudeep Malu	3572456	51.04	3572456	25.52
Mrs. Supriya Malu	1092344	15.60	1092344	7.80
Sub Total (A)	46,64,800	66.64	46,64,800	33.32
B. PROMOTER GROUP				
Sudeep Malu HUF	662600	9.47	662600	4.73
Mr. Surbhit Malu	193200	2.76	193200	1.38
Mrs. Sonali Lunawat	210000	3.00	210000	1.50
Mrs. Sunita Khicha	126000	1.80	126000	0.90
Mr. Mohan Singh Jain	145320	2.08	145320	1.04
Mrs. Nirmal Jain	64680	0.92	64680	0.46



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M/s Rajtex Machinery Pvt. Ltd.	400000	5.71	400000	2.86
M/s Sulz Fab Pvt. Ltd.	126000	1.80	126000	0.90
M/s Crest Latex Pvt. Ltd.	172200	2.46	172200	1.23
M/s Cardoid Plasteel Pvt. Ltd.	235200	3.36	235200	1.68
Sub Total (B)	23,35,200	33.36	23,35,200	16.68
Total Promoter and Promoter Group Shareholding (A+B)	70,00,000	100.00	70,00,000	50.00
C. NON PROMOTER HOLDING				
Public Shareholding	0	0	70,00,000	50.00
Total Non Promoter Holding (C)	0	0	70,00,000	50.00
Total (A+B+C)	70,00,000	100.00	1,40,00,000	100.00

The above shareholding pattern is indicative, and is based on the fact that all shareholders in their respective categories will subscribe to 100% of the shares offered in their respective categories. The final Post Issue Shareholding pattern will be determined after the Book-Building Process.

9. The purchase and sale of securities by Promoters, or the Promoter Group, during a period of six months preceding the date of this DRHP are as follows:

Name of the Promoter/Promoter Group	Date of allotment/ Transfer	Nature of Transaction	Consideration	Number of Equity Shares	Face Value (Rs.)	Issue/ Transfer Price per Share (Rs.)
Mr. Sudeep Malu	17.09.09	Purchase	Cash	105500	10	100
Mr. Sudeep Malu	25.09.09	Purchase	Cash	19000	10	100
Mrs. Supriya Malu	17.09.09	Purchase	Cash	51500	10	100
Promoter Group						
Sudeep Malu HUF	17.09.09	Purchase	Cash	7500	10	100
Mr. Surbhit Malu	17.09.09	Purchase	Cash	23,000	10	100

10. **There are no** financing arrangements whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of DRHP .
11. **Buy-back and Standby Arrangement:** Our Company, its Promoters, Directors or the Lead Managers have not entered into any buy-back and/ or standby arrangements for purchase of Equity Shares of our Company from any person.
12. An oversubscription to the extent of 10% of the Net Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. The number of Equity Shares to be issued to the Promoters and subject to lock-in will be determined after finalization of Issue Price. The number of shares to be issued to the Promoters will be such so as to ensure that the minimum contribution of 20% of the Post Issue paid-up capital is made and that the same is locked in for a period of 3 years.



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13. Since the entire money of Rs. [●]/- per share (Rs. 10/- face value + Rs. [●]/- premium) is being called on application, all the successful applicants will be issued fully paid-up shares only.
14. The securities which are subject to lock-in shall carry the inscription “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall be provided to the stock exchanges where the shares are to be listed, before listing of the securities.
15. In the case of over-subscription in all categories, at least 50% of the Net issue to the Public shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion would be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; not less than 15% of the Net issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net issue to the Public to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
16. Under-subscription if any, in any category, except the QIB portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of the company, in consultation with the BRLM and the Designated Stock Exchange. If atleast 50% of the Issue is not allocated to QIBs, the entire subscription money shall be refunded forthwith. Allocation to all categories shall be made on a proportionate basis.

17. Equity Shares held by top Ten Shareholders

i) Top Ten shareholders two years prior to the date of filing of this DRHP (i.e. December 07, 2007)

Sr. No	Name of the shareholders	No. of shares Held	Pre Issue % age of Holding
1.	Mr. Sudeep Malu	167,840	2.40
2.	M/s Sudeep Malu HUF	50,000	0.71
3.	Mrs. Supriya Malu	42,160	0.60
4.	Mrs. Sonali Lunawat	25,000	0.36
5.	Mr. Mohan Singh Jain	17,300	0.25
6.	Mr. Mukesh Khicha	15,000	0.21
7.	Sulz Fab Pvt. Ltd.	15,000	0.21
8.	Mrs. Sunita Khicha	10,000	0.14
9.	Mrs. Nirmla Jain	7,700	0.11
10.	Mr. Giriraj Sakheyawala	6,500	0.09
	Total	356,500	5.09

ii) Top ten shareholders 10 days prior to the date of filing of this DRHP (i.e. November 27, 2009)

Sr. No	Name of the shareholders	No. of shares Held	Pre Issue % age of Holding
1.	Mr. Sudeep Malu	35,72,456	51.04
2.	Mrs. Supriya Malu	10,92,344	15.60
3.	M/s Sudeep Malu HUF	6,62,600	9.47
4.	M/s Rajtex Machinery Pvt. Ltd.	4,00,000	5.71
5.	M/s Cardoid Plasteel Pvt. Ltd.	2,35,200	3.36
6.	Mrs. Sonali Lunawat	2,10,000	3.00
7.	Mr. Surbhit Malu	1,93,200	2.76

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8.	M/s Crest Latex P. Ltd.	1,72,200	2.46
9.	Sh. Mohan Singh Jain	1,45,320	2.08
10.	Mrs.Sunita Khicha	1,26,000	1.80
	Total	6809320	97.28

iii) Top ten shareholders as on the date of filing of this DRHP (i.e. December 07, 2009)

Sr. No	Name of the shareholders	No. of shares Held	Pre Issue % age of Holding
1.	Mr. Sudeep Malu	35,72,456	51.04
2.	Mrs. Supriya Malu	10,92,344	15.60
3.	M/s Sudeep Malu HUF	6,62,600	9.47
4.	M/s Rajtex Machinery Pvt. Ltd.	4,00,000	5.71
5.	M/s Cardoid Plasteel Pvt. Ltd.	2,35,200	3.36
6.	Mrs.Sonali Lunawat	2,10,000	3.00
7.	Mr. Surbhit Malu	1,93,200	2.76
8.	M/s Crest Latex P. Ltd.	1,72,200	2.46
9.	Sh. Mohan Singh Jain	1,45,320	2.08
10.	Mrs.Sunita Khicha	1,26,000	1.80
	Total	6809320	97.28

18. Our Company has not raised any bridge loan against the proceeds of the Issue.
19. As of the date of this DRHP, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.
20. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this DRHP to SEBI until the Equity Shares issued/ to be issued through the Prospectus are listed or application money refunded on account of failure of Issue.
21. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
22. No single applicant can make an application for number of shares, which exceeds the number of shares offered, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
23. The total number of members of our Company as on the date of filing DRHP is 12.
24. As on date of filing of this Draft Red Herring Prospectus with SEBI, the entire Issued Share Capital of our Company is fully paid-up.
25. We confirm that our lead merchant bankers M/s. Ashika Capital and M/s. BOB Capital Markets Limited do not hold any shares in our company.
26. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our promoters to the persons who receive allotments, if any, in this issue.



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- 27.** A bidder can not make a bid for more than the number of Equity Shares offered through the offer subject to the maximum limit of investment prescribed under relevant laws applicable to each category of bidder.
- 28.** Our promoters and members of the promoter group will not participate in the issue.
- 29.** None of our sundry debtors are related to our Directors or Promoters or us.

**SECTION-V****OBJECTS OF THE ISSUE**

The objects of the issue are:

- Setting up of additional unit at Bhilwara for expansion plan
- Setting up of Research and Development Centre
- Meeting the Margin Money for Working Capital
- Meeting the Public Issue Expenses

The main Objects Clause and objects incidental or ancillary to the main Objects Clause of the Memorandum of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised by the Company, through the Issue

Funds Requirement

The requirement of funds, as estimated by the management is as under:

Sr. No.	Particulars	Amount (Rs. In Lacs)	Amount (Rs. In Lacs)
1.	Setting up of additional unit at Bhilwara for expansion plan		
	-Building	329.30	
	-Plant and Machinery	1017.47	
	-Office Equipments	104.30	
	-Erection and Commissioning (5% of Plant and Machinery and Office Equipments)	56.09	1507.16
2.	Modernizing Research and Development Centre		
	-Building	31.11	
	-Plant and Machinery	305.98	
	-Erection and Commissioning (5% of Plant and Machinery and Office Equipments)	15.30	352.39
3.	Margin Money for Working Capital	-	1964.45
4.	Contingencies		[•]
5.	Issue Expenses		[•]
	TOTAL		[•]

Means of Finance:

Sr. No.	Particulars	Amount (Rs. In Lakhs)
1.	Issue Proceeds	[•]
2.	Internal Accruals	[•]
	TOTAL	[•]

Proceeds from the Public Issue would be crystallized on finalization of the Issue Price on conclusion of the book building process. Any shortfall in the funds requirement would be met out of internal accruals/incremental debts.



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The entire cost for the objects of the issue is proposed to be financed out of the Issue Proceeds and Internal Accruals only.

In case the Public Issue does not go as planned, our Company will make alternative arrangements like availing of fresh loans from bank(s) and/or utilizing internal accruals. The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution or any independent organization. Our capital expenditure plans are subject to a number of variables, including possible cost availability of working capital finance on acceptable terms; and changes in management's views of the desirability of current plans, among others.

In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund requirement for a particular activity may be met with by surplus funds, if any available in respect of the other purposes for which the funds are being raised in the Issue, and/or our Company's internal accrual, and/ or the term loans/working capital loans that may be availed from the Banks/ Financial Institutions. In the event of any shortfall in the Issue proceeds, the requirement shall be satisfied from internal accruals.

We may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates and external factors, which may not be within the control of our management. This may entail rescheduling, revising or canceling the planned expenditure and fund requirements and increasing or decreasing the expenditure for a particular purpose from its planned expenditure mentioned below at the discretion of our management. In addition, the estimated dates of completion of the Objects of the Issue as described herein are based on management's current expectations and are subject to change due to various factors including those described above, some of which may not be in our control. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the uses of the funds described herein.

Details of the Objects:

1. Setting up of an additional unit at Bhilwara for expansion plan

The setting up will facilitate manufacturing of complete range of Computerized Pattern Maker machines. This additional unit will be constructed on existing land i.e Unit I is Plot No. 79-81, RIICO Extension, Pur Road Bhilwara (Rajasthan) and Unit II is Plot No. SPL 1, Pur Road Bhilwara (Rajasthan) The existing land available with the company, is sufficient to meet the company's needs and hence no further land is being purchased for the setting up of the unit at Bhilwara.

The expenditure for additional unit will be as follows.

a. Capital expenditure for Construction of Building

Our company will be constructing various blocks for setting up of plant. The details of construction is as follows:

Sr. No.	Particulars	Location	Area (Sq. Ft.)	Rate	Amount (Rs. In Lacs)
1	18 Worksheds	Unit I	8,520	725	61.77
2	Paint Shop	Unit II	7,200	575	41.40
3	Fabrication Shop	Unit II	7,200	550	39.60
4	Stores	Unit II	9,009	650	58.56
5	Administrative Block	Unit II	4,398	925	40.68
6	Service Area	Unit II	2,000	525	10.50
7	Utility Block	Unit II	2,310	600	13.86
8	Scrap Yard	Unit II	1,800	450	8.10
9	Road Construction and Gardening	Unit II	44,208	60	26.52



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10	Parking	-	1,050	250	2.63
11	Misc. Construction (Lump sum)	-	-	-	10.00
12	Architect Fees (5%)				15.68
				Total	329.30

The above costs are based on the estimates given by M/s. Vipul Moondra and Associates, architects and interior designers having their office at B-64, R,K.Colony, Bhilwara.

Unit I is located at H-77A, H-79 to 81, RIICO Extn, Pur Road, Bhilwara and Unit II is located at SPL-1, RIICO, Pur Road, Bhilwara.

We are yet to commence construction at above locations.

b. Capital expenditure for purchase of Plant and Machinery

(Rs. In Lacs)

Sr. No.	Particulars	Total
1	Material Handling Equipments	10.80
2	Machine Shops	583.50
3	Casting Shop – Capacity 3 TPD	5.45
4	Paint Shop – Capacity 5 TPD	20.00
5	Fabrication Machines	3.00
6	Aluminium pressure di casting plant	25.00
7	Utility Block	69.72
8	Proprietary Software Development	300.00
	Sub Total	1017.47

1. Material Handling Equipments/Systems

Sr. No.	Particulars	Unit	Rate	Amount (Rs. In Lacs)
1	Hydraulic Pallets	10	0.16	1.60
2	Chain Pulley Block	10	0.32	3.20
3	Trolleys & Containers (Lump sum)			4.00
4	Balancing Equipments (Lump sum)			2.00
	Total			10.80

2. Machine Shops

Sr. No.	Particulars	Unit	Rate	Amount (Rs. In Lacs)
1	CNC vertical Milling	1	55.29	55.29
2	Vertical milling machine	8	2.49	19.92
3	Radial Drill m/c	3	4.21	12.63
4	Drill M/C 20 mm(rack/pinion)	15	0.35	5.25
5	Bend Hexa Cutting machine	6	0.66	3.98
6	Surface grinder	2	4.20	8.40
7	Surface grinder	1	8.40	8.40
8	Cylindrical grinder 600 mm size	1	6.03	6.03
9	Cylindrical grinder 1500 mm size	1	9.60	9.60
10	Injection Moulding 30 gm capacity (Hydraulic Automatic)	5	5.61	28.05
11	Injection Moulding 10 gm capacity	10	0.66	6.63



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12	Injection Moulding 30 gm capacity (Mechanical)	5	0.87	4.34
13	Power Press 5 ton	10	0.32	3.20
14	Power Press 10 ton	5	0.54	2.68
15	Cast Iron Platforms 3000x2500 mm	10	7.51	75.10
16	Taping m/c	2	2.50	5.00
17	Hydraulic shearing m/c	1	12.00	12.00
18	Hydraulic bending machine	1	16.00	16.00
19	Laser cutting machine 2.0 kw	1	242.89	242.89
20	Slaughting machine	1	2.00	2.00
21	Hobbing machine	1	6.12	6.12
22	Tools, gauges and moulds (lumpsum)	-	-	20.00
23	Other balancing machines (lumpsum)	-	-	30.00
	Total			583.50

3. Casting Shop – Capacity 3 TPD

Sr. No.	Particulars	Unit	Rate	Amount (Rs. In Lacs)
1	Submersible pump	3	0.15	0.45
2	Water Tower, Tanks & fittings (lump sum)	-	-	3.00
3	Material Handling and Balancing Systems	-	-	2.00
	Total			5.45

4. Paint Shop – Capacity 5 TPD

Sr. No.	Particulars	Unit	Rate	Amount (Rs. In Lacs)
1	Electric Furnace	1	4.00	4.00
2	Tanks for Phosphating	7	1.00	7.00
3	Compressor	1	0.50	0.50
4	Conveyor system	1	2.50	2.50
5	Other processing Equipments (lumpsum)	-	-	4.00
6	Generator	1	2.00	2.00
	Total			20.00

5. Fabrication Machines

Sr. No.	Particulars	Unit	Rate	Amount (Rs. In Lacs)
1	Other fabrication machines (lump sum)	-	-	3.00
	Total			3.00

6. Aluminium pressure di casting plant

Sr. No.	Particulars	Unit	Rate	Amount (Rs. In Lacs)
1	Aluminium pressure di casting plant (Lumpsum)	-	-	25.00
	Total			25.00



7. Utility Block

Sr. No.	Particulars	Unit	Rate	Amount (Rs. In Lacs)
1	Electric gadgets & fittings (lump sum)			30.00
2	Captive Power Units (DG Set, 140 KVA)	4	8.68	34.72
3	Balancing (lump sum)			5.00
	Total			69.72

8. Proprietary Software Development

We have estimated an amount of Rs. 300.00 Lakhs for the development of different proprietary softwares required for different machine models. We shall manufacture different models of computerized pattern maker machines, which shall require developments of different software and hardware related customized softwares. These softwares shall become integral part of each and every machine that shall be supplied to customers. All supplied machines shall only work with the help of these softwares.

Sr. No.	Particulars	Unit	Rate	Amount (Rs. In Lacs)
1	Niddle Loom CPM Software (72 hooks to 288 hooks)	-	-	26.50
2	Narrow With Loom CPM Software (192 hooks to 448 hooks)	-	-	40.50
3	Full width Jacquard CAD Software (448 hooks to 1344 Hooks)	-	-	40.50
4	Full width Jacquard CAD Software (2688 hooks to 6000 hooks)	-	-	45.00
5	Software for Electronic looms with Dobby	-	-	54.00
6	Embedded Software for Electronic hardware License Purchase (lumpsum)	-	-	5.00
7	Electronic and communication software for electronic hardware (lumpsum)	-	-	10.00
8	Laptop & Computer	50	0.52	26.00
9	MS Windows	50	0.07	3.50
10	MS office	50	0.18	18.00
11	Server with 20 user license	1	4.00	4.00
12	MS Visual Studio 2008 (15 USER)	1	10.00	10.00
13	Networking (lumpsum)			1.00
14	UPS 10 KVA	1	2.00	2.00
15	HP high speed USB laser printer	3	0.50	1.50
16	Balancing Softwares & Hardwares (lumpsum)			7.50
17	Misc. expenses (lumpsum)			5.00
	TOTAL			300.00



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Details of the Plant and Machinery for which quotations have been received

(Rs. In Lacs)

Sr. No.	Description	Quantity	Unit Price (Rs.)	Total Value	Supplier	Quotation Date
1	Hydrolic Pallets	10	0.16	1.60	Shree Modi Materials Handling Co	October 27, 2009
2	Chain Pulley Block	10	0.32	3.20	P P Corporation	October 28, 2009
3	CNC vertical Milling	1	55.29	55.29	Jyoti CNC Automation Pvt Ltd	September 23, 2009
4	Vertical milling machine	8	2.49	19.92	Chetan Machine Tools	October 01, 2009
5	Radial Drill m/c	3	4.21	12.63	Energy Machine Tools Pvt Ltd	September 22, 2009
6	Drill M/C 20 mm(rack/pinion)	15	0.35	5.25	S. K. Panchal & Co	April 01, 2009
7	Bend Hexa Cutting machine	6	0.66	3.98	Laxman Machine Tools	October 26, 2009
8	Surface grinder	2	4.20	8.40	Pinnacle Engineering Enterprise	September 22, 2009
9	Surface grinder	1	8.40	8.40	Pinnacle Engineering Enterprise	September 22, 2009
10	Cylindrical grinder 600 mm size	1	6.03	6.03	Precision Machine Tools	October 28, 2009
11	Cylindrical grinder 1500 mm size	1	9.60	9.60	Precision Machine Tools	October 28, 2009
12	Injection Moulding 30 gm capacity (Hydraulic Automatic)	5	5.61	28.05	Esemplast	September 22, 2009
13	Injection Moulding 10 gm capacity	10	0.66	6.63	Arrow Hydro Industries	September 21, 2009
14	Injection Moulding 30 gm capacity (Mechanical)	5	0.87	4.34	Arrow Hydro Industries	September 21, 2009
15	Power Press 5 ton	10	0.32	3.20	Tarak Machine Tool	September 24, 2009
16	Power Press 10 ton	5	0.54	2.68	Tarak Machine Tool	September 24, 2009
21	Cast Iron Platforms 3000x2500 mm	10	7.51	75.10	Jash Precision Tools Ltd	September 22, 2009
22	Laser cutting machine 2.0 kw	1	242.89	242.89	Sahajanand Laser Technology Ltd	October 02, 2009
23	Hobbing machine	1	6.12	6.12	S O N D Micron	October 27, 2009
24	Captive Power Units (DG Set, 140 KVA)	4	8.68	34.72	Dhan Sampada Agencies	September 30, 2009



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We have considered the above quotations for the budgetary estimates and have not placed order for any of the above plant and machinery. The actual cost of procurement and actual supplier may vary. We do not intend to purchase any second hand equipments.

c. Capital Expenditure for Office Equipments and Fittings:

(Rs. In Lacs)

Sr. No	Particulars	Item Name	Unit	Rate	Amount	Total
1	Communications, Office Automations and Security Systems (Lumpsum) Unit I	EPBX	1	5.00	5.00	
		Cabling			1.00	
		Telephone Set	40	0.025	1.00	
		Mobile Comm Set	30	0.15	4.50	
		Security System & its networking	1	5.00	5.00	
		Balancing		3.50	3.50	
						20.00
2	Communications, Office Automations and Security Systems (Lumpsum) Unit II	EPBX	1	5	50.00	
		Cabling			10.00	
		Telephone Set	40	0.025	10.00	
		Mobile Comm Set	30	0.15	4.50	
		Security System & its networking	1	5	50.00	
		Balancing		3.5	3.50	
						20.00
3	Computer, Server and Networking (Unit I)	HP Desktop	15	0.523	7.84	
		HP Server	1	2.25	2.25	
		MS Windows 2007 server with license	1	1.75	1.75	
		SQL Server License	1	1.12	1.12	
		MS Office Prof	17	0.22	3.74	
		Structure Cabling			0.95	
		Online UPS	1	1.95	1.95	
		Laser Printer	4	0.48	1.92	
		Printer P 1007	10	0.06	0.60	
		LCD Projector	1	0.96	0.96	
		Data Recovery Kit	10	0.029	0.29	
		Taxes and Others			0.93	
						24.30
4	Computer, Server and Networking (Unit II)	HP Desktop	12	0.525	6.30	
		HP Server	1	2.25	2.25	
		MS Windows 2007 server with license	1	1.75	1.75	
		SQL Server License	1	1.12	1.12	
		MS Office Prof	12	0.22	2.64	
		Structure Cabling			0.95	
		Online UPS	1	1.95	1.95	
		Laser Printer	3	0.48	1.44	
		Printer P 1007	8	0.06	0.48	



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		Data Recovery Kit Taxes and Others	10	0.029	0.29 0.83	20.00
5	Partitions and Furnitures Unit I & II	Sitting arrangement for 50 staff Members Cabin units Other fittings (lump sum)	50 8	0.25 0.75	12.50 60 1.50	20.00
	Total					104.30

Details of Office Equipments for which quotations have been received

(Rs. In Lacs)

Sr. No.	Description	Quantity	Unit Price (Rs.)	Total over value	Supplier	Quotation Date
1.	Computers, Server & Networking (Unit I)	1	24.30	24.30	Tech Point	April 10, 2009

Erection and Commissioning

Provision for Erection and Commissioning is estimated at Rs. 56.09 Lacs which is around 5 % of CAPEX for Plant & Machineries and Office Equipments and Fittings amounting to Rs. 1121.77 Lacs.

2. Setting up of Research and Development activity centre

We have allocated Rs. 352.39 lacs for Research and Development activity centre. This would increase the pace of our growth enabling us to secure higher volume of business.

a. Building for Research and Development activity centre

We propose to construct a new building for our Research and Development activity centre. We are planning to construct 367.14 square meter area (Ground and First Floor) and the construction cost is estimated at Rs. 8070 per square meter totaling to Rs. 29.63 Lacs and Architect Fees is estimated at 5% on 29.63 Lacs aggregating to Rs. 31.11 Lakh.

The above cost are based on the estimates given by M/s. Vipul Moondra and Associates, architects and interior designers having office at B-64, R.K.Colony, Bhilwara.

b. Plant and Machinery for Research and Development activity centre

Sr. No.	Particulars	Unit	Rate	Amount (Rs. In Lacs)
1	Lathe Machine	4	16.65	66.60
2	Shaper	1	4.00	4.00
3	Milling Machine	2	2.49	4.98
4	Radial Drill Machine	2	4.21	8.42
5	Plastic Moulding Machine 30gm	2	5.61	11.22
6	Bend Hexa Cutting Machine	1	0.66	0.66
7	Taping Stand	1	0.10	0.10
8	Balancing Machines (lump sum)	-	-	10.00
9	Jigs and Fixture Development	-	-	50.00
10	Measuring Instruments and Gauges	-	-	10.00



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11	Trial Testing Instruments/ Machines	-	-	40.00
12	Miscellaneous Electronic Equipments and Licences	-	-	100.00
	Total			305.98

c. Erection and Commissioning

Provision for Erection and Commissioning is estimated at Rs. 15.30 Lacs which is around 5 % of CAPEX for Plant and Machineries for R & D Centre amounting to Rs. 305.98 Lacs.

Details of Plant and Machinery for Research and Development Centre for which quotations have been received

(Rs. In Lacs)

Sr. No.	Description	Quantity	Unit Price (Rs.)	Total Value	Supplier	Quotation Date
1	Lathe Machine	4	16.65	66.60	Jyoti CNC Automation Pvt Ltd	September 23, 2009
2	Milling Machine	2	2.49	4.98	Chetan Machine Tools	October 01, 2009
3	Radial Drill m/c	2	4.21	8.42	Energy Machine Tools	September 22, 2009
4	Plastic Mourding Machine 30 gm	2	5.61	11.22	Esemplast	September 22, 2009
5	Bend Hexa Cutting Machine	1	0.66	0.66	Laxman Machine Tools	October 26, 2009

3. Margin Money for Working Capital

Following are the major components in the working capital calculation:

Sr. No	Particulars	No. of months
1	Inventory	
	-Raw Material	3 months
	-Work In Progress	½ Month
	-Finished Goods	1 Month
2	Receivables	2 Months
3	Other current assets	1 Month
4	Sundry Creditors	1 Month
5	Provisions	½ Month

Incremental working capital

(Rs. in Lacs)

Year ended 30 th June	2008-09 (Actual)	2009-10 (Estimated)	2010-11 (Estimated)
Inventory			
Raw Material	377.72	351.00	1,073.00
Work-in-progress		67.00	196.00
Finished Goods		128.00	372.00
Receivable	185.56	350.00	1250.00
Other Current Assets	230.59	175.00	625.00



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Less: Current Liabilities	298.54	117.00	357.00
Net working capital (other than cash)	495.33	1,018.00	3,159.00
Net Increase		523.00	2141.00

The estimated net increase in working capital is Rs.523.00 Lacs in the year 2009-10 and Rs. 2141.00 Lacs in the year 2010-11. Margin money for Working Capital amounting to Rs. 1964.45 Lacs have been earmarked in the proposed project. The balance requirement of the working capital will be met out of the additional bank borrowings.

4. Contingencies

Provision for Contingencies is estimated at Rs. [•] Lacs which is around [•] % of our total CAPEX.

5. Issue Expenses

The Issue expenses estimated by our Company are as under:

Sr. No.	Particulars	Amount (Rs. Lacs)	% age of Issue Expenses	% age of Issue Size
1.	BRLM Fees, Co-BRLM Fees, Underwriting & Brokerage	[•]	[•]	[•]
2.	Registrars Fees including postage	[•]	[•]	[•]
3.	Legal Advisor's fees	[•]	[•]	[•]
4.	Stock Exchange fees for providing bidding terminals	[•]	[•]	[•]
5.	SEBI fees on filing of Offer Document	[•]	[•]	[•]
6.	Printing & Distribution of Stationary	[•]	[•]	[•]
7.	Advertisement and Marketing Expenses	[•]	[•]	[•]
8.	Other Miscellaneous expenses (Auditors fees, Listing fees, etc.)	[•]	[•]	[•]
	TOTAL	[•]	[•]	[•]

Schedule of Implementation

Sr. No.	Activity	Expected Month of Commencement	Expected Month of Completion
1.	Setting up of additional unit at Bhilwara for expansion plan		
a.	Building Construction	April 2010	October 2010
b.	Plant and Machineries	-	-
	-Quotation Invite	In Process	April 2010
	-Quotation Analysis	March 2010	April 2010
	-Placement of orders	May 2010	June 2010
	-Delivery at site	September 2010	October 2010
	-Installation of machineries	October 2010	November 2010



Sumatex Limited

c.	Office Equipments -Quotation Invite -Quotation Analysis -Placement of order -Delivery and Installation of equipments.	- February 2010 May 2010 July 2010 October 2010	- April 2010 June 2010 October 2010 November 2010
2.	Research and Development Centre		
a.	Building Construction	April 2010	October 2010
b.	Plant and Machineries -Quotation Invite -Quotation Analysis -Placement of order -Delivery at site -Installation of machineries	- In Process March 2010 May 2010 September 2010 October 2010	- April 2010 April 2010 June 2010 October 2010 November 2010
4.	Trial Production	December 2010	
5.	Commercial Production	January 2011	

Deployment of Funds in the Project

We have incurred the following expenditure on the project till November 30, 2009. The same has been certified by our statutory auditors, M/s R.C Somani & Associates, Chartered Accountants vide their certificate dated December 02, 2009.

Sr. No.	Particulars	Amount Deployed till November 30, 2009 (Rs. In Lacs)
1.	Ashika Capital Ltd. (BRLM Fees)	5.00
2.	Alliance Corporate Lawyers (Legal Advisor's Fees)	1.25
	Total	6.25

The sources of funds for the above mentioned deployment are as follows:

Sources of Funds

Sr. No	Particulars	Amount (Rs. In Lacs)
1.	Internal Accruals	6.25
	Total	6.25

Year Wise Deployment of Funds

The overall cost of the proposed Project and the proposed year wise break up of deployment of funds are as under:

(Rs. in Lacs)					
Sr. No.	Particulars	Amount Deployed till November 30, 2009	Amount to be Deployed till June 2010	Amount to be deployed till June 2011	Total
1	Setting up of additional unit at Bhilwara	Nil	[•]	[•]	1507.16
2	Setting up of Research and Development Centre	Nil	[•]	[•]	352.39
3	Working Capital Requirements	Nil	[•]	[•]	1964.45



Sumatex Limited

4	Contingencies	Nil	[•]	[•]	[•]
5	Issue Expenses	6.25	[•]	[•]	[•]
	Total	6.25	[•]	[•]	[•]

Interim Use of Funds

The Board of Directors of our Company in compliance with Clause 49 of the listing Agreement has formed an Audit Committee, which would monitor the interim use of Funds. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality, interest/ dividend bearing liquid instruments including money market mutual funds, deposits with banks for the necessary duration. Such investments would be in accordance with investment policies approved by our Board of Directors from time to time.

Monitoring Of Utilization of Funds

As our Issue size is less than 500 Crores, we have not appointed any monitoring agency to monitor the utilization of issue proceeds, as the same is not required as per SEBI Guidelines. Our Board of Directors will monitor the utilization of proceeds of this Issue on a regular basis.

We will disclose the utilization of the proceeds raised through this Issue under a separate head in our financial statements clearly specifying the purpose for which such proceeds have been utilized. As per the requirements of Clause 49 of the Listing Agreement, we will disclose to the Audit Committee the uses/applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilised for purposes other than those stated in this DRHP and place it before the Audit Committee. The said disclosure shall be made till such time that the full proceeds raised through the Fresh Issue have been fully spent. The statement shall be certified by our Statutory Auditors. Further, in terms of Clause 43A of the Listing Agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the Objects stated in the Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the Listing Agreement and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49.

No part of this Issue proceeds will be paid by us as consideration to our Promoter, Directors, key managerial personnel or entities promoted by our Promoter, save and except in the normal course of business.



BASIC TERMS OF THE ISSUE

Terms of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this DRHP, the DRHP, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

**BASIS FOR ISSUE PRICE**

The Issue Price will be determined by our Company in consultation with BRLM and Co-BRLM on the basis of assessment of market demand for the equity shares offered by our Company by way of book building.

Investors should read the following summary with the Risk Factors starting from page xi and the details about our Company and its financial statements included in this DRHP on page 104. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

Qualitative Factors

- Support of Government to textile sector
- Integrated manufacturing facilities at Bhilwara (Rajasthan)
- Promoters experience in the technology and business
- Strong Management Team
- Machinery can be used as import substitute in textile sector
- High quality products and after sales support
- Growing Market size and awareness among users

For a detailed discussion on the qualitative factors which form the basis for computing the price, see the sections “Business Overview” and “Risk Factors” beginning on pages 57 and xi respectively.

Quantitative Factors

Presented in this section is derived from our Company’s restated, consolidated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1) Adjusted earning per share (EPS) weighted

Year ended	EPS (Rs.)	Weightage
30 th June 2009 (15 Months)	2.13*	3
31 st March 2008	1.00	2
31 st March 2007	1.14	1
Weighted average EPS	1.59	

* Annualised

Notes:

1. EPS represents basic earnings per share calculated as per Accounting Standard 20 issued by Institute of Chartered Accountants of India.
2. The figure which are disclosed above are based on the restated financial information of the company.
3. The weighted average number of Equity shares is the number of Equity Shares outstanding at the beginning of the year, adjusted by the number of Equity share issued during the year multiplied by the time- weighting factor. The time- weighting factor is number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.

2) Price Earning ratio (P/E ratio) in relation to the Issue Price of Rs [•] per share

Particulars	Issue Price of Rs. [•] per share
• Based on 2008 – 09 EPS of Rs. 2.13*	Rs. [•]
• Based on weighted average EPS of Rs. 1.59	Rs. [•]

*Annualised



3) Return on Net worth

Year ended	RONW (%)	Weightage
30 th June 2009 (15 Months)	18.02	3
31 st March 2008	8.86	2
31 st March 2007	11.32	1
Weighted Average RONW	13.85	

The average return on net worth has been computed on the basis of the restated profits and loss statement of the respective years. The RONW has been computed by dividing Profit After Tax by Network.

4) Minimum return on total Net worth after issue needed to maintain pre-issue EPS for the period ended June 30th, 2009 is [•] % (Based on the restated financial statements)

5) Net Asset Value (NAV) per share (Rs.) as per our restated financial information

a) As on June 30 th 2009	Rs.12.43
b) Pre Issue as on October 31 st 2009	Rs. 12.43
c) Issue Price	[•]
d) Post Issue	[•]

6) Comparison with Industry Peers and Industry average

We can not be compared with other listed companies, as we do not have any direct competitor in the segment, in which we operate.

7) The face value of our Equity Shares is Rs. 10 and the Issue Price is Rs. [•] i.e., [•] times of the face value.

The Issue Price of Rs. [•] has been determined by our Company in consultation with the BRLM and the Co-BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors. The BRLMs believe that the Offer Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with “**Risk Factors**” and “**Restated Financial Information**” on pages xi and 104 respectively, to have a more informed view. The trading price of the Equity Shares of the Company could decline due to the factors mentioned in “**Risk Factors**” and you may lose all or part of your investments.



STATEMENT OF TAX BENEFITS

Board of Directors,
M/s Sumatex Limited,
H-81, RIICO Extension,
Pur Road, Bhilwara (Raj.)
Pin code - 311001

Dear Sirs,

Sub: Statement of Possible Tax Benefits.

We hereby report that the enclosed annexure states the possible tax benefits that may be available to M/s Sumatex Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 and Wealth Tax Act, 1957 presently in force in India.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Further, we have also incorporated the amendments brought out by the Finance Act, 2008, where applicable.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits has been/ would be met with;
- The revenue authorities/ court will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes.

The contents of this annexure(s) are based on the information, explanations and representation obtained from the Company and on the basis of our understanding of the business activities and operations of the company. While all reasonable care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omission therein or for any loss sustained by any person who relies on it.

This report is intended solely for information and for the inclusion in the offer Document in connection with the proposed Initial public offer of the equity shares of the Company to the public and is not to be used, referred to or distributed for any other purpose without our written consent.

For and on behalf of
R.C. Somani & Associates

Sd/-
(Anil Somani)

Proprietor
Membership No. 076704

BHILWARA
November 21, 2009



STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

A) Statement of special Tax Benefit available to M/s Sumatex Limited and its shareholders.

As per existing provisions of the Income Tax Act and other laws as applicable for the time being in force the company and its share holder will not be entitled/ avail any special Tax Benefits under any law.

B) Statement of possible general tax benefits available to M/s Sumatex Limited and its shareholders.

As per the existing provisions of the income tax act, 1961 (the Act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia is available to M/s Sumatex Limited and its Shareholders. These benefits are available to all companies or to the shareholders of any company, after fulfilling certain conditions as required in the respective Act.

Benefits available to the Company

Under section 10 (34) of the IT Act, income by way of dividends referred to in Section 115-O received by the Company from domestic companies is exempt from income tax.

Under section 115JAA (1A) of the Act tax credit shall be allowed in respect of any tax paid (MAT) under section 115JB of the Act for any Assessment Year commencing on or after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years immediately succeeding the year in which the MAT credit initially arose.

Benefits available to resident shareholders, approved infrastructure capital companies, infrastructure capital funds and co-operative banks.

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hand of shareholders.

Under section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to section 48 of the IT Act, in respect of long term capital gains (i.e., shares held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

Under section 10(38) of the IT Act, long term capital gains to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of share.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be exempt from tax at if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:



Sumatex Limited

- (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act for any assessment year beginning on or after April 1, 2006.

Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year or before 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15%(plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock. Exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

Benefits available to mutual funds

As per the provisions of Section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

Benefits available to foreign institutional investors ('FIIs')

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the company is exempt from income tax in the hands of shareholders.

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- (a) Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.



If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax the year such transfer or conversion.

Under section 115AD (1)(ii) of the Act short term capital gains on transfer of securities shall be chargeable @ 30% and 10% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax). The Finance Act, 2008, has brought in an amendment to the effect that from Assessment Year 2009-2010, the rate of 10 percent stands increased to 15 percent. The above rates are to be increased by applicable surcharge and education cess.

Under section 115AD (1) (iii) of the Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable @10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs

As per section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.

Benefits available to venture capital companies / funds

Under section 10(23FB) of the IT Act, any income of Venture Capital companies! Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

Benefits available to non-residents / non-resident Indian shareholders (other than mutual funds, FIIs and foreign venture capital investors)

Under section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.

Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the IT Act-discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gain/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation.



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The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares

Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
- (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax.

Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act. Which inter alia entitles them to the following benefits:

Under section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of, asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long-term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10 (4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.



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Under provisions of section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under section 139(1) if his income chargeable under the Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

Notes:

1. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;
2. The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax;
3. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and

The stated benefits will be available only to the sole / first named holder in case the shares are held by joint share holders.



SECTION VI – ABOUT THE COMPANY

INDUSTRY OVERVIEW

About the Textile in India

The Indian textile industry is one of the oldest and most significant industries in the country. It accounts for around 4 per cent of the gross domestic product (GDP), 14 per cent of industrial production and over 13 per cent of the country's total export earnings. Moreover, it provides employment to over 35 million people.

The Indian textile industry is estimated to be around US\$ 52 billion and is likely to reach US\$ 115 billion by 2012. The domestic market is likely to increase from US\$ 34.6 billion to US\$ 60 billion by 2012. It is expected that India's share of exports to the world would also increase from the current 4 per cent to around 7 per cent during this period.

India's textile exports have shot up from US\$ 19.14 billion in 2006-07 to US\$ 22.13 billion in 2007-08, registering a growth of over 15 per cent.

Investments in the Textile Sector

The domestic textiles and apparels market in India is witnessing strong growth owing to a young population, an increase in disposable incomes and a rapid growth in organised retail.

Consequently, the domestic market is estimated to grow to over US\$ 50 billion by 2014. Significantly, the textile sector is estimated to offer an incremental revenue potential of no less than US\$ 50 billion by 2014 and over US\$ 125 billion by 2020.

The textile sector registered 50 per cent increase in investment during 2008-09 to US\$ 10.46 billion from US\$ 6.57 billion in 2007-08, according to an ASSOCHAM study.

The textile industry has attracted foreign direct investment (FDI) worth US\$ 677 million from April 2000 to March 2009.

Technical Textiles

Technical or functional textiles are those textiles that have some functional properties attached to it and are different from traditional textiles that are merely used for adoration. The technical textiles market which at present is around US\$ 80.1 million and growing at a healthy pace of about 12 per cent.

Keeping this in mind, the government has designed Centres of Excellence for agrotech, buildtech, meditech and geotech group of technical textiles at an outlay of US\$ 8.97 million. The government will shortly launch a US\$ 122.42 million Technology Mission on Technical Textiles and also create a Development Council for Technical Textiles.

Government Initiatives

In an effort to increase India's share in the world textile market, the government has introduced a number of progressive steps.

- 100 per cent FDI allowed through the automatic route.



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- De-reservation of readymade garments, hosiery and knitwear from the small-scale industries sector in end-2000.
- Technology Mission on Cotton was launched in February 2000 to make quality raw material available at competitive prices.
- Technology Upgradation Fund Scheme (TUFS) which was launched to facilitate the modernisation and upgradation of the textiles industry in 1999 has been given further extension till 2011-12. A total of 18,773 applications involving a project cost of US\$ 24.91 billion have been sanctioned under TUFS up to March 31, 2008. The government has given a further subsidy of US\$ 533.9 million under TUFs to underpin its modernisation efforts for meeting market challenges and enabling it to stay competitive in quality and price.
- 40 textile parks are being set up under the Scheme for Integrated Textile Parks (SITP) which will attract an investment of US\$ 4.38 billion.

The government has also announced a US\$ 618 million financial package to waive loan overdues of handloom cooperatives and make available loans at concessional rates for the industry.

The government is also implementing five new schemes during the 11th Five-Year plan period (2007-12) for the development of the handloom sector and the welfare of weavers.

These schemes are namely, the Integrated Handloom Development scheme, the Handloom Weavers' Comprehensive Welfare scheme, the Marketing and Export Promotion scheme, the Mill Gate Price scheme and the Diversified Handloom Development scheme.

(Source: *ibef.org* August 2009)



Key Government Initiatives

1. Scheme for Integrated Textile Parks (SITP)

The Scheme for Integrated Textiles Parks (SITP) was launched in 2005 by merging two earlier schemes, viz. 'Apparel Parks for Exports Scheme (APES)' and 'Textile Centre Infrastructure Development Scheme (TCIDC)'. The main purpose of introduction of SITP is to provide the industry with world class infrastructure facilities for setting up their textile units. SITP is based on Public Private Partnership (PPP) model and is implemented through Special Purpose Vehicles (SPVs) where, industry, Associations / Group of Entrepreneurs are the main promoters. The Government of India's support by way of Grant or Equity is limited to 40% of the project cost for infrastructure components subject to a ceiling of Rs. 40 Crore.

In the Xth Five Year Plan period, thirty Integrated Textile Parks were sanctioned under the SITP. Government has decided to continue the Scheme for Integrated Textiles Park (SITP) during the XI th Five Year Plan period. Ten parks had been sanctioned during the XI th Five Year Plan. These forty parks, when operationalised, will attract an investment of Rs. 21,502 crore, create employment (direct and indirect) for 9.08 Lakh workers and produce goods worth Rs. 38,115 crore, annually.

2. Technology Upgradation Fund Scheme (TUFS)

The Technology Upgradation Fund Scheme (TUFS) was launched on April 1, 1999 initially for five years, to sustain and improve competitiveness and overall long term viability of the textiles industry and to facilitate timely and adequate capital, at internationally comparable rates of interest. It was subsequently extended till March 31, 2007, and has now been extended till March 31, 2012.

During its initial years, the progress of the Scheme was moderate, and it gained momentum from 2004-05 onwards. From its inception till December 31, 2008, under the Scheme 23,754 applications have been received, involving a project cost of Rs. 1,57,500 crore. 23,590 of these applications have been sanctioned at an estimated project cost of Rs. 1,55,704 crore. During 2007-08 Rs. 43,700 crore was disbursed, registering a growth of Rs. 16.46% on year to year basis.

3. Foreign Direct Investment (FDI) Policy

Under the applicable industrial policy and extant foreign direct investment policy, foreign direct investment up to 100% under the automatic route is permitted in the textile sector. FDI in this sector does not require any prior approval either by the Government of India or Reserve Bank of India (RBI). The investors are only required to notify the Regional Office concerned of RBI within 30 days of receipt of inward remittance.

Ministry of Textiles has set up FDI cell to attract FDI in the textile sector in the country. The FDI cell will operate with the following objectives:

- To provide assistance and advisory support (including liaison with other organizations and state Governments)
- To assist foreign companies in finding out joint venture partners.
- To sort out operational problems.
- Maintenance and monitoring of data pertaining to domestic textile production and foreign investment.

(Source: <http://texmin.nic.in>)



Industrial Policy :

According to the Industrial Policy of the Government, setting up of new units or expansion of the existing units producing textile machinery is permitted without any licence subject to locational policy; but only submission of a simple Industrial Entrepreneurs Memorandum (I.E.M.) form to the Secretariat of Industrial Approvals (SIA) with a copy to the sponsoring authority is required. Small scale units have to register with the Directorates of Industries of the concerned State Governments.

Import of foreign know-how :

Automatic approvals are given by the Reserve Bank of India for entering into foreign collaborations of setting up joint venture projects on submission of requisite forms to the RBI. Foreign direct investment is permitted to the extent of 85% of the new project.

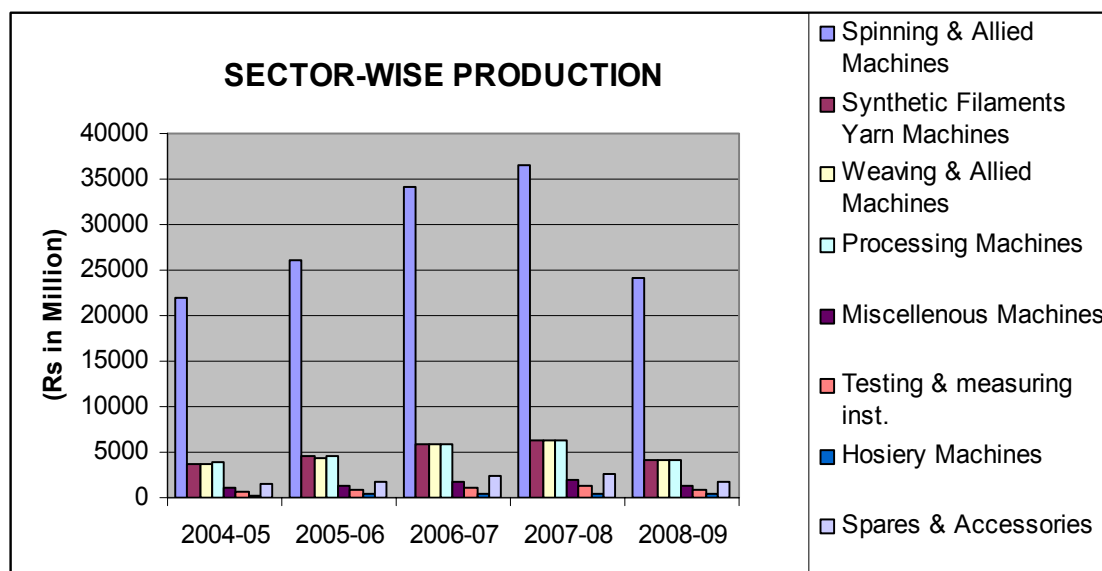
Administrative/Sponsoring Authorities :

The Administrative Ministry for the Indian Textile Machinery Industry is the ministry of Heavy Industries and Public Enterprises. The Textile Machinery Branch of the Office of the Textile Commissioner, Mumbai is the sponsoring authority for the Textile Machinery Industry.

(Source: website of Textile Machinery Manufacturers' Association India)

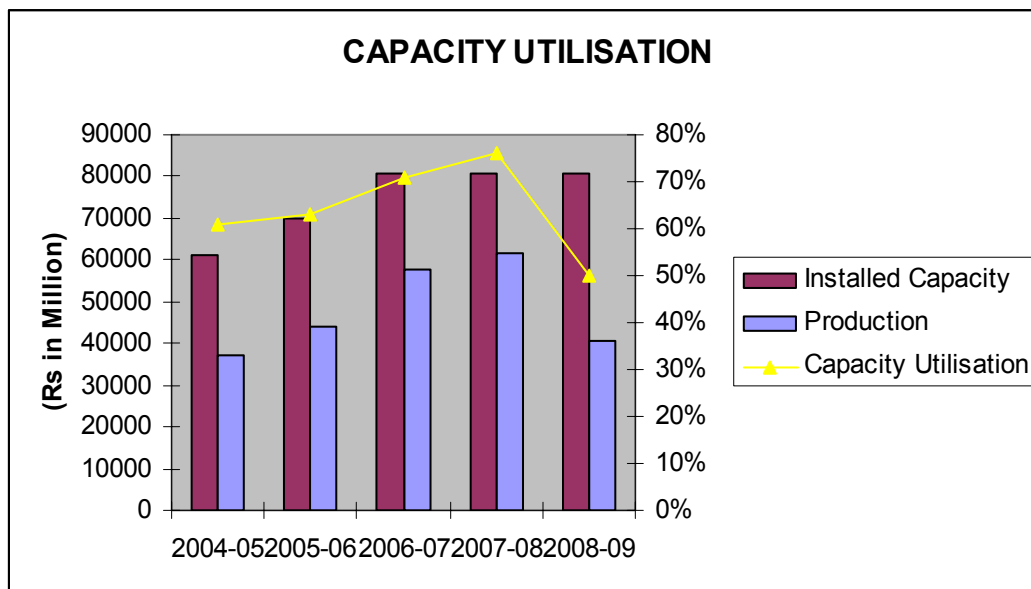
The following graphs give data on production, capacity utilization, exports and imports of textile machinery, parts and accessories:

a) Production:

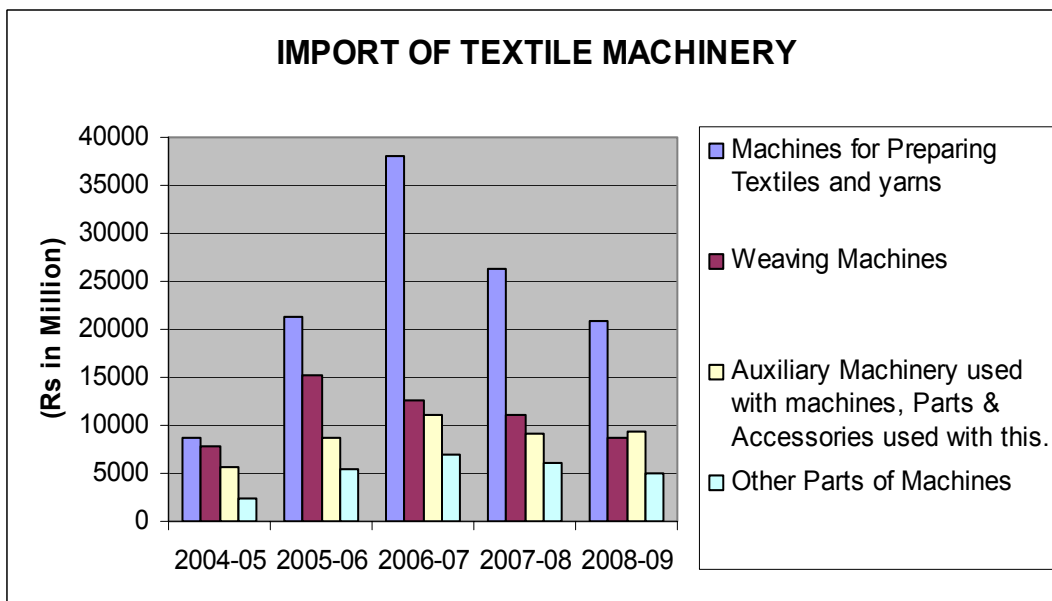




b) Capacity Utilization:

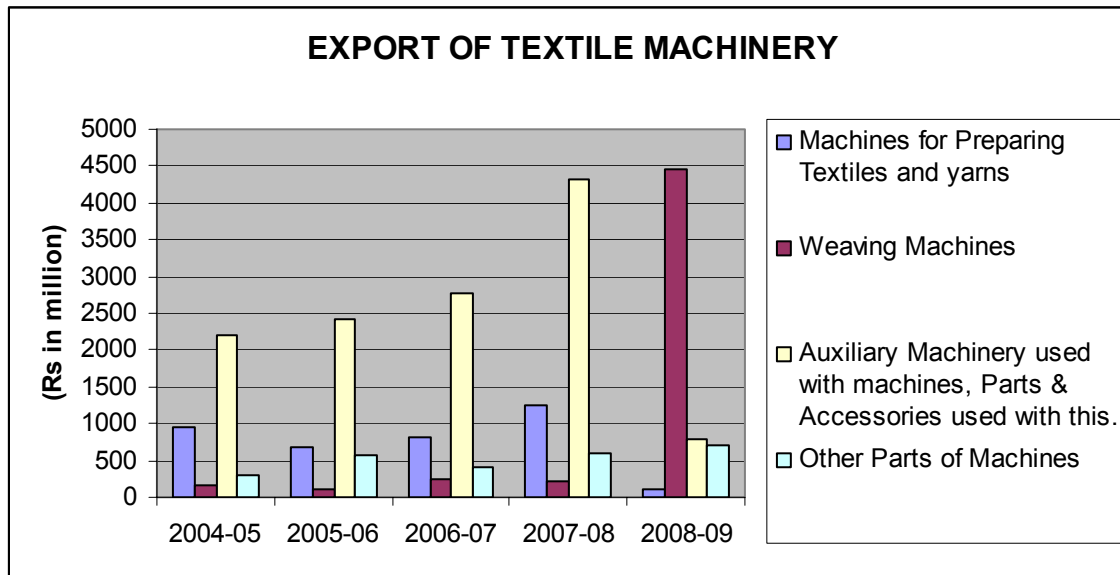


c) Import:





d) Export:



(Source: Website of Textile Machinery Manufacturers' Association India)

SWOT Analysis in relation to Industry

India's textile industry is an attractive sector that is poised for higher growth. The industry enjoys significant advantages, aided by India's key strengths in availability of raw materials, labour, domestic market and supportive government policies. While the domestic market has been growing consistently and offers attractive growth potential, exports are poised for a quantum increase after the removal of quota under Multi Fiber Agreement (MFA) with USA.

The Textile Engineering Industry (TEI) is one of the five key Engineering Sectors which has the potential to grow fast and contribute substantially to the National Economy.

Global trade in textile and clothing is expected to grow to \$ 600 bn by the year 2010 and major increase will be in clothing to \$ 400bn in the year 2010.

There are strengths and opportunities for Indian textile industry.

Strengths:

- Indian Textile Industry is an Independent & Self-Reliant industry.
- Abundant Raw Material availability that helps industry to control costs and reduces the lead-time across the operation.
- Availability of Low Cost and Skilled Manpower provides competitive advantage to industry.
- Industry has large and diversified segments that provide wide variety of products.
- Growing Economy and Potential Domestic and International Market.
- Industry has Manufacturing Flexibility that helps to increase the productivity.
- Existence of more than sufficient productive capacity.
- Easy availability of skilled labour.
- Presence of qualified technical personnel.
- Machinery & material available for many of the product.
- Ability to run short batches.
- Availability of testing facilities.



Weaknesses:

- Low level of modernization and upgradation of technology.
- Low level of productivity due to inadequate formal training.
- Horizontal growth of powerlooms (SME).
- No exposure to export markets.
- Difficulties in accessing of testing designing & technical services.
- Not ready for diversification of product.
- Unfavorable labor Laws.
- Higher Indirect Taxes, Power and Interest Rates.

Opportunities:

- Growth rate of Domestic Textile Industry is 8-10% per annum.
- Large, Potential Domestic and International Market.
- Product development and Diversification to cater global needs.
- Elimination of Quota Restriction leads to greater Market Development.
- Market is gradually shifting towards Branded Readymade Garment.
- Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development
- Emerging Retail Industry and Malls provide huge opportunities for the Apparel, Handicraft and other segments of the industry.
- Greater Investment and FDI opportunities are available.
- Untapped market in Latin America & other countries also.
- Product mix & product diversification.
- Catering to bulk orders by distributing the work over the cluster units to form networks.

Threats:

- Entry of multinational in domestic market.
- Slow improvement in quality to international standards and adoption to fast changing fashion demand.
- Competition from other developing countries, especially China.
- Continuous Quality Improvement is need of the hour as there are different demand patterns all over the world.
- Threat for Traditional Market for Power loom and Handloom Products and forcing them for product diversification.



OUR BUSINESS OVERVIEW

Sumatex Ltd. is a textile engineering company established in January, 1998. It started as a small unit with modest resources and through commitment and dedicated team efforts, it is now a name in weaving technology including Jacquard Technology. The company started with a very basic model of pattern maker machine and has gradually developed various models, based on Jacquard technology, which are compatible and synchronize with all kinds of weaving machines. It has developed the latest technology Jacquards (Computerized Pattern Maker) and is the only manufacturer to do so in India.

Our pattern maker machines have been effectively providing a competitive edge to the weaving industry by adding value to the fabric branding presentation by executing qualitative appearance of styles, patterns, designs, motifs etc., by ensuring availability of these machines and by minimizing the maintenance costs of the weaving machines through restrictive movement of the parts of the weaving machines.

Manufacturing of computerized Pattern Maker (Jacquards) for furnishing is moving up on the logical value chain from existing Computerized Name Writers. It is the outcome of constant and continuous R & D which has been under way for more than 6 years and now successful trial has been taken for full width computerized pattern makers (Jacquards) with latest features and in-house developed user friendly design Software, compatible with these machines.

Sumatex Limited is identified as the benchmarked manufacturer of Computerized Jacquards by the Government of India, Ministry of Textiles and therefore, the product is entitled for credit linked Capital Subsidy @ 20% or Interest Subsidy @ 5% under TUFS.

End -Use of products manufactured by Computerized Pattern Maker (Jacquards)

Various products manufactured from jacquard weaving are:

1. Designs, Patterns, Names, Logos, branding presentation in
 - a. Label Making Weaving Machines
 - b. Ribbon Making Weaving Machines
2. Designs, Patterns, Names, Logos, branding presentation in products manufactured from elastic cords.
3. Designs, Patterns etc. on Sari-Borders.
4. Weaving of Curtain clothes, Tapestries, Carpets, Woven Furnishing Fabrics with requisite design, pattern, figure, photograph, scenery etc.
5. Dress materials with requisite design, name, pattern etc.
6. Customized products for Hospitals, Hotels, Railways, and Airlines etc.
7. Weaving of Bed-sheets, Bed-covers, Shawls, Towels, and Blankets etc. with requisite design, pattern, figure, photograph, scenery etc.
8. Weaving of Sports materials, Uniforms, Military uniforms etc. with requisite designs, patterns etc.
9. Customized woven products for Marriages, Functions, Public/ Social gatherings, parties with requisite design, pattern, figure, photograph, scenery etc.



Existing Business

Basic Computerized Pattern Maker (Jacquard)

Presently the company is manufacturing Computerized Pattern Makers used for Name Writing and motif making on the fabric selvages. This machine is attached to the weaving machine to make names & styles, patterns, designs, motifs etc. on the fabric selvages to provide an identity to the fabric and make the fabric brand presentation looks more impressive and eye-catching.

Difference between a jacquard loom and other looms:

The term "Jacquard loom" is a bit of a misnomer. The Jacquard mechanism is just one of the components of a loom, not the entire loom itself. Any textile loom includes the following essential mechanisms :

1. Warp supply
2. Weaving stage, containing mechanisms for:
 - a. Shed formation
 - b. Weft insertion
 - c. Beating up
3. Fabric take-up

The shed formation mechanism simply divides the warp ends into two groups - one Group being lifted while the other is held down - to form an open channel called the shed, between the two warp groups. Once the shed is formed, the weft is inserted through it and then the reed is brought forward to beat up (Pack) the newly inserted weft to its desired position. The cycle continues with formation of the next shed.

The principal differences between so called plain, harnesses draw boy, dobby, and Jacquard "looms" lie in the shed formation mechanism.

The development of Electronic Jacquards which rely on electronic (computer) information rather than actual punched cards or paper has greatly reduced the costs of the equipment, materials and labor required to convert a design into "ready to weave" condition. It has obviated the need for expensive punch mechanisms and the time and materials costs of creating punched paper. Recent Jacquards can connect to digital networks, such as Ethernet, thus permitting direct transfer of patterns from the design computer and eliminating even the need for floppy disks. Designs which would have taken a month to prepare in the 1970s using a manual punch could, by the 1980s, be done in a day using a high speed computer controlled punch and can now be done in minutes with direct electronic transfers. Manual punching required many minutes per card, computer controlled punches required only 1 second per card (say an hour for a 3000 pick design) but still needed time consuming post processing for splicing into a loop and adding hangers. Transfer via floppy is a matter of a few minutes and direct transfer by networks takes only seconds for entire job. This has made dramatic changes in the economics of production. When a man-month of effort was required to prepare a design, one had to plan on weaving Thousands of yards of that design to recover design costs; consequently designs were few in number and approach to fabric designing was conservative in nature. Thanks to computerized patterning of jacquard designs there are mills which specialize in producing small and customized fabrics, sometimes just a few meters.

The number of Jacquard hooks per mechanism has been steadily increasing from around 1000 in the 19th century to over 12,000 now. In large part this too has been made practical by the adopting to electronic jacquard technology.

Punched paper suffers from a number of difficulties that although manageable at 1344 hook jacquard, would be unmanageable at 12,000 hook jacquard design. Also, wider Jacquards require a correspondingly increase number of "holes" to be punched perhaps 30 million for a 12,288 x 5000 pick pattern) - slow and expensive when actual punched paper was required. The "electronification" of the Jacquards has also helped in simplify mechanical design of jacquard machine example – the delicate, and slow, spring-loaded



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mechanical sensing pins have been replaced by reliable and fast electromagnets - and thereby improved the shed formation speed.

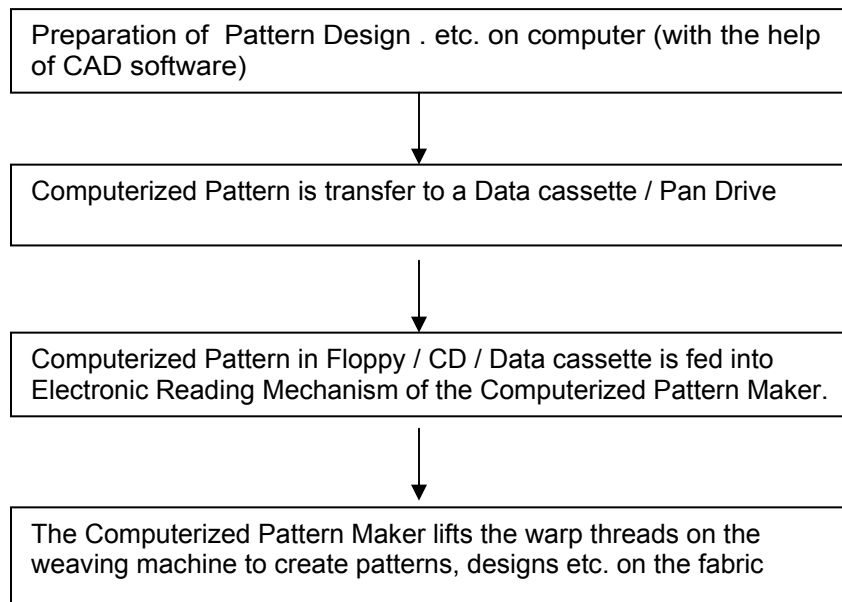
Changes in weft insertion technology have also had an impact on speed of weaving machine. The early shuttles were heavy, hence slow, and needed frequent exchanging as they ran out of yam. Shuttle-less techniques, including rapiers, projectiles, water-jet and air-jet, have vastly increased the speed and reliability of weft insertion. Speeds have changed from a few dozen picks per minute for a hand loom, to a hundred or more with a power loom, to as high as 800 picks per minute for recent Jacquard equipped looms (and thousands per minute for plain looms).

The simplification of Jacquard mechanisms has reduced the cost per hook of manufacturing a Jacquard which has meant lower purchase costs, especially since the electronic versions no longer require support equipment such as punches. Though by no means inexpensive, these new mechanisms have brought Jacquard technology well into the reach of schools and even of some individuals. All these developments have greatly increased the accessibility of Jacquard designing. Previously, Jacquard designing was largely the sole province of large mills when it required massive and expensive equipment and the skilled manpower to maintain it.

It is now possible to perform the entire design and preparation for weaving on a personal computer or a laptop, and to then transfer the ready-to-weave file via email to a mill. In turn, the mills have become capable of profitably weaving small meterage of complex design fabric at reasonable costs.

Finally, a growing number of training centers/ schools are able to offer Jacquard training.

The above technological evolution and development has resulted into innovating the new generation Electronic Jacquard and consequently setting the stage for an explosion in designers and designs. A , flow diagram shows 4- simple steps for weaving patterns of any complicated Design



Industrial Set-up

Sumatex is having an Engineering set up for manufacturing Computerized Pattern Makers, Jacquards & Weaving Machines. It has two manufacturing facilities in the RIICO Industrial area of Bhilwara aggregating more than 18500 Sq. Meters of land. The manufacturing facility has been equipped with latest technology



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machines along with the basic machines, reasonable product development facility, product quality assurance and control systems, product demo setup, software development center, trial production and testing facilities, facilities for product knowledge imparting and client's employees training programs, after sale service center. Product quality and control department has been entrusted with ensuring qualitative aspect of various parts (over 1000 parts & components) manufactured or procured by the company.

Machine assembling shop has been handled by qualified and experienced technicians with sophisticated assembling devices. In-house training programs are regularly conducted to train the personnel

Software Development

Software is an integral part of the electronic hardware for programming electronic hardware assembly and CAD software for providing designing platform for making any design, pattern, figure etc. on fabrics of diverse uses on computers. Company has dedicated team of software professionals for designing, programming and assembling electronic hardware for computerized pattern maker and in house CAD software development and learning facilities to provide designing platform for making any designs, figures etc. on computers & teaching the operations of such software.

Trial, Testing & After Sale Services

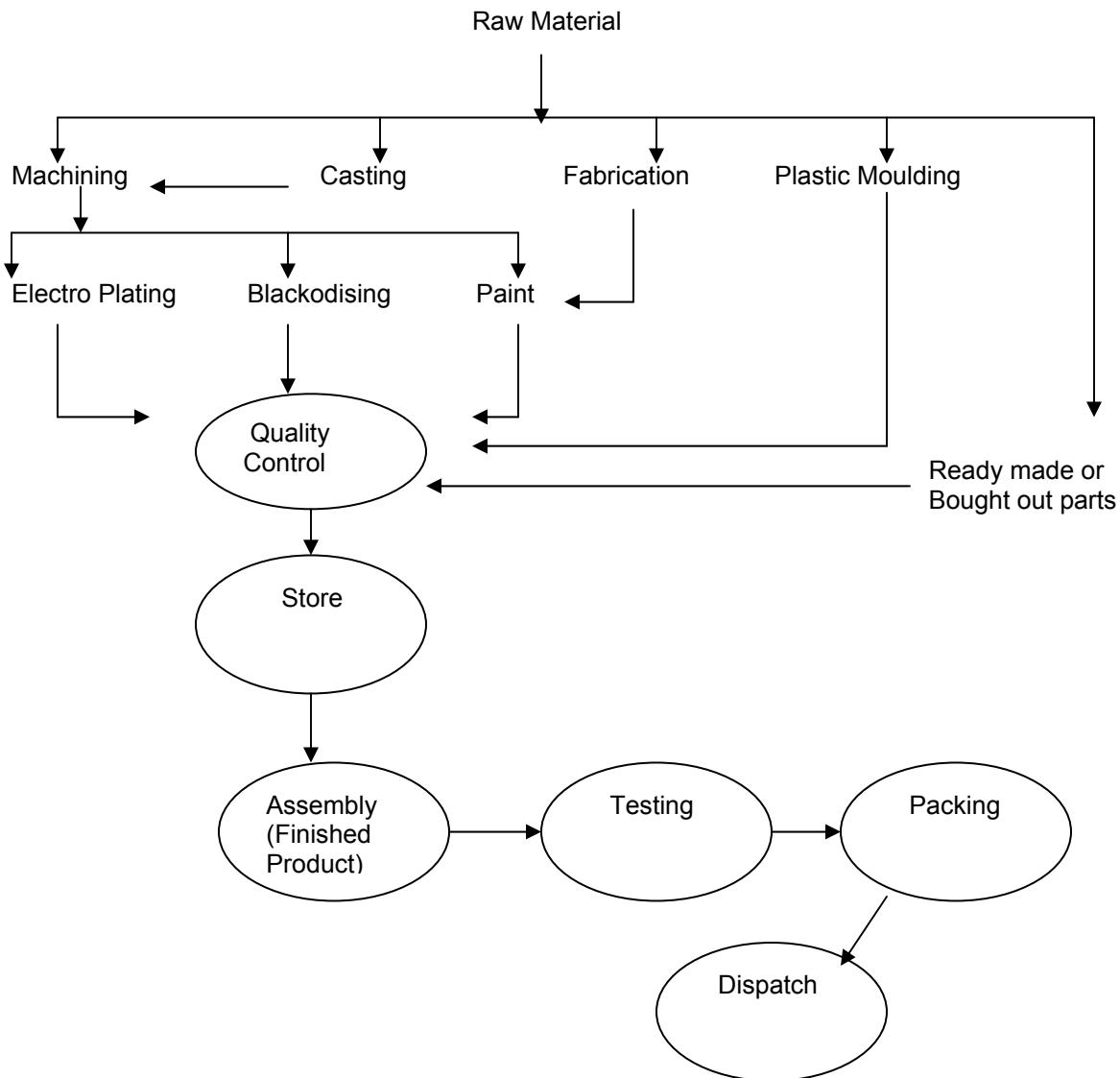
Trial and testing facilities have been developed to ensure maintenance free working of the machines. Trial run of each and every machine is taken out to examine functioning of various mechanism of the machine at micro level. Experienced technocrats and testing facilities have been deployed to ensure machine's efficient working at the shop floor.

The company has long-term vision with respect to smooth operations of its machines at the shop floor. Training to the customer's staff and technicians is given for operating guidance, preventive and routine maintenance, knowledge about new products etc. are imparted through visual presentation of the subject - matter.

The company has been creating value by providing after sale service in relation to its machines and it has set up a separate customer service cell and deployed dedicated technicians to address the customer complaints and service response within no time. The company has been able to enlarge the list of valued customers over the years by virtue of its product strength and valued after sale service.



Manufacturing process flow chart both for existing & proposed project



1) Raw Material

Raw material is mainly in the form of-

- Iron sheet, plate, flat, round bar, angle, channel , pipe etc
- Aluminium sheet
- Aluminium and iron casting or its raw material.
- Plastic granules
- Electric, electronic, bearings, fasteners and other bought out parts.

2) Machining

As per requirement, some of the raw material is processed in Machine shop where it may be subjected to processes like cutting, turning, milling, shaping etc to make desired component or part.

3) Casting

Some of the Raw material is subjected to Casting process. The casted material goes to machine shop for machining to produce required part.



4) Fabrication

The basic machine may require to be mounted on different structures depending upon end use. Structure is made in the fabrication shop where raw material like iron is subject to cutting, drilling, welding, grinding etc. to give final shape and size to structure.

5) Plastic Moulding

The machines require some plastic components. Different kind of plastic granules are moulded as per die to produce required component.

6) Electroplating , Blackodising and Paint

Finished products, as received from above processes may require different rust prevention treatments or coatings. Some of the components are electro plated while others are blackodised or painted.

7) Quality Control

All manufactured and bought out parts require final approval from Quality Control Department. Here random sampling of every lot of machine part is done and inspected. Only those components which pass through the quality norms are sent to Store. Rejected parts are returned to respective manufacturing department or supplier.

8) Assembly

Here, approved parts, as issued from Stores, are assembled to make machine. Experienced fitters are employed in this department. Assembly work of machine is carried under the supervision and guidance of engineers and technocrats. Machine numbers are generated and punched on the machine.

9) Testing

After assembly, complete machine is rigorously tested, both for mechanical and electronic synchronization of parts. Running in of machine is done and smooth functioning of all parts are ensured.

10) Packing

After testing, all covers of machine are placed and secured. Final visual inspection is done here. Machine along with accessories, required for starting machine, is packed properly. The machine is finally ready for delivery to client.

11) Dispatch

This department co-ordinates between Marketing Department, Accounts & Billing section and transporter for dispatching machine to buyer.

COMPETITION

Due to globalization every field is facing cut throat competition. It also influences the Indian textile industry. Indian Textile Engineering companies are facing competition from Chinese, European companies and used machine suppliers. Our Company is currently expanding its facilities to meet the challenges' in current business scenario. Our company has plans to modernize its infrastructure and R&D facilities to face the competition. At present, there is a very big potential in overseas market but at the same time there is a very high competition to introduce a new product. Our Company has plans to establish a better marketing setup across and outside India. Some of our competitors include Staubli Jacquards – Switzerland, Bonas Electronic Jacquards and Chinese Jacquards.

COLLABORATIONS

We have not entered into any technical or other collaboration.



EXISTING PRODUCTS

A. Suma 1000/144 & Suma 600/288



Suma 1000/144 is a Computerised Pattern Maker designed for single width weaving machine & Suma 600/288 is a Computerised Pattern Maker designed for double width weaving machines. It has two / four vertical heads containing 72 hooks in each head for making patterns on selvages. It is compact, efficient, virtual maintenance free vertical model. Electronic panel is mounted on the CPM for hassle free operation. It can synchronize the pattern making on any type of weaving machine up to 1000 RPM in single width & 600 RPM in double width weaving machines. It can be installed on any projectile, rapier, air jet & water jet weaving machines.

Features & Specifications:

Suma 1000/144 & Suma 600/ 288 is a versatile and efficient model for single width weaving machine. This model has following features:

- 72 Hooks in each head for more precise, effective and eye catching patterns, designs motifs etc.
- Pattern making adjustable to fabric width on selvages or at the desired location of the fabric.
- Same or different monogram on fabric selvages for discriminative fabric identification.
- Preprogrammed change of monogram to facilitate automatic change of monograms without stopping the weaving machine.
- Compact vibrant & heavy duty structure for smooth and efficient Pattern Making.
- Mounted compact electronic panel requires no additional floor space to facilitate hassle free operations ancillary to weaving.
- High quality industrial standard components, hardware are used to ensure that quality industrial standards are consistently followed.
- High quality aluminum & steel metal coverings for robust structure.
- Easy installable in nick of time so that the weaving machine's down time is minimized in installing CPM
- Power supply from weaving machine only so that no additional power line is required in operating the CPM
- Synchronized capacity upto 1000 rpm installable on any projectile (Sulzer), Rapier, Picanol, Dornier, Airjet, Waterjet looms.
- Networking (Optional) to network all the CPM of a weaving unit to track the weaving activities on office computer.



B. Suma 1200/144 (Servo Motor Drive)



This Computerized Pattern Maker has been designed for High-speed single width weaving machines. This CPM is independently driven through Servo Motor with Encoder. Electronic control system in CPM has also been designed on latest Micro processor control based technology. It has two vertical heads containing 72 hooks in each head for making patterns on selvages. It is compact, efficient, virtual maintenance-free vertical model. Electronic panel is mounted at the CPM for smooth and hassle-free operation. It can synchronize the pattern making on any weaving machine up to 1200 rpm. It can be installed on any Projectile, Rapier, Picanol, Dornier, Airjet, Waterjet weaving machine.

Features & Specifications:

Suma 1200/144 is a versatile and efficient model for high speed single width weaving machine. This model has the following features:

- Independent Drive using latest technology of Servo Motor with encoder
- 72 Hooks in each head for more precise effective and eye-catching patterns, designs, motifs etc.
- Pattern making adjustable to fabric width on selvages or at the desired location of the fabric.
- Same or different monogram on fabric selvages for discriminative fabric identification.
- Preprogrammed change of monogram to facilitate automatic change of monograms without stopping the weaving machine.
- Compact, vibrant & heavy duty structure for smooth and efficient pattern making.
- Mounted compact electronic panel requires no additional floor space to facilitate hassle free operations ancillary to weaving.
- High quality industrial standard components/hardware are used to ensure that quality standards are consistently followed
- High quality aluminum & sheet metal coverings for robust structure.
- Easy installable in nick of time so that the weaving machine's down time is minimized in installing CPM
- Synchronizable capacity up to 1200 rpm installable on any Projectile (Sulzer), Repair, Picanol, Dornier, Airjet , Waterjet looms.
- Networking (Optional) to network all the CPM of a weaving unit to track the weaving activities on office computer.

PRODUCTS IN PIPELINE: Suma CPM Series and Suma HT Series

Suma CPM series and Suma HT Series are electronic jacquards which shall be used for manufacturing made-ups, furnishing fabrics, curtains, saress, designer fabrics, table covers, carpet etc. it can be installed on any projectile, rapier, airjet & waterjet weaving machines. It is an efficient, virtually maintenance free vertical model.



A. Suma CPM Series (Suma 192, Suma 256, Suma 448 series) -



Suma CPM Series is a computerised pattern maker shall be used for manufacturing Tape, ribbon, labels, tie, & narrow fabrics. It can be synchronized with all kind of high speed looms, tape looms, niddle looms upto 1100 rpm. Electronic panel is mounted on the CPM for smooth & hassle free operation.

Features & specifications:

- Max shedding – 30 – 35 mm.
- Type of shedding – double lift.
- Type of reversing – spring reversing.
- 64 to 320 hook capacity hook models covering wide range of industry requirement.
- Can be synchronized with all kind of high speed tape/ribbon/label and niddle looms upto 1100 rpm.
- Hook capacity can be customized from 64 to 448 hooks.
- Compact, vibrant and heavy –duty structure.
- High quality industrial standard components / hardwares are used to ensure quality standards.
- User friendly SUMA HT CAD softwares for pattern, label & motif designing.
- Easy and simple operational features on electronic panel.

B. Suma HT 448

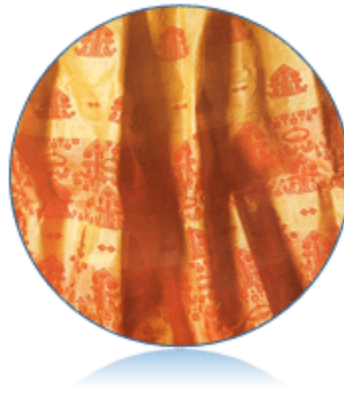




Features & specifications

- Jacquard Hook Capacity 448 Hooks. Multiple warp ends can be tied to one hook to create medium size design repeats across width of fabrics. 4 ribbons, laces, small border lace on niddle loom or 12 sticker / label on narrow fabric loom can be made at a time. It is also used for Patterning of other narrow width fabrics. It can also be synchronized with single width loom to create medium size patterning on fabrics.
- LCD Panel for smooth and easy operation
- Eight colour auto Weft Selection Mechanism.
- User friendly CAD software for imaginative design creations
- Preprogrammed change of design to facilitate automatic change on weaving machine.
- Power Saver technology which greatly increases life of electro-magnets
- Creation of design bank in electronic media
- Synchronizable with all kind of latest needle and narrow width looms.
- Magnet fault detector mechanism

C. Suma HT 672



Features & specifications

- Jacquard Hook Capacity 672 Hooks. Multiple warp ends can be tied to one hook to create design repeats across width of fabrics.
- Suitable for medium size design repeats for woven fabric like fine quality tie fabric, shirting, designer and furnishing fabric.
- Option for customized Gantry structure (Machine mounted Gantry structure) require no floor space
- Eight Colour Auto Weft Selection Mechanism, online colour display on panel screen.
- Synchrinizable capacity up to 500 rpm installable on any Projectile (Sulzer), Rapier, Picanol, Dornier , Airjet , Waterjet looms
- LCD Panel with touch screen for smooth and easy operation
- User friendly CAD software for imaginative design creations after taking Intensive feed back from end users and industry.
- Versatile software format for talking design inputs from various sources like camera, fabric scanning, designing files etc
- Preprogrammed change of design without stopping the weaving machine
- Power Saver technology which greatly increases life of electro-magnets.
- Magnet fault detector mechanism.
- Creation of design bank electronically
- Compact, Vibrant & Heavy Duty structure for smooth and efficient pattern making.
- High quality Industrial standard components/ hardware are used to ensure quality standards
- Networking (Optional) to network all the CPM of a weaving unit to track the weaving activities on office computer.



D. Suma HT 1344



Features & specifications

- Jacquard Hook Capacity 1344 Hooks. Multiple warp ends can be tied to one hook to create design repeats across width of fabrics.
- Suitable for medium to large size design repeats for woven fabric, like furnishing, designer, towel and other range of fabrics.
- Machine mounted Gantry structure require no floor space
- Eight colour auto weft selection mechanism, online colour display on panel screen.
- Synchronizable capacity up to 500 rpm installable on any Projectile (Sulzer), Rapier, Picanol, Dornier , Airjet , Waterjet looms
- LCD Panel with touch screen for smooth and easy operation
- User friendly CAD software for imaginative design creations after taking Intensive feed back from end users and industry.
- Versatile Software format for talking design inputs from various sources like Camera, Fabric scanning, designing files etc
- Preprogrammed Change of design without stopping the weaving machine
- Power Saver technology which greatly increases life of electro-magnets.
- Magnet fault Detector Mechanism.
- Creation of design bank electronically. Design, once prepared, is permanent. It can be run on multiple Jacquards without any extra cost. In mechanical jacquards, it was not possible. In conventional machines, every jacquard required separate design card chain and that too was subjected to heavy wear & tear in addition to huge storage space and protection requirements.
- Compact, Vibrant & Heavy Duty structure for smooth and efficient pattern making.
- High quality Industrial standard components/ hardware are used to ensure quality standards
- Networking (Optional) to network all the CPM of a weaving unit to track the weaving activities on office computer.

E. Suma HT 2688





Features & specifications

- Jacquard Hook Capacity 2688 Hooks. Multiple warp ends can be tied to one hook to create design repeats across width of fabrics even on **double width loom**.
- Suitable for large size design repeats for woven fabric, like furnishing, designer, towel and other range of fabrics.
- Machine mounted Gantry structure) require no floor space
- Eight Colour Auto Weft Selection Mechanism, online colour display on panel screen.
- Synchronizable capacity up to 500 rpm installable on any Projectile (Sulzer), Rapier, Picanol, Dornier, Airjet, Waterjet looms
- LCD Panel with touch screen for smooth and easy operation
- Use friendly CAD software for imaginative design creations after taking Intensive feed back from end users and industry.
- Versatile Software format for talking design inputs from various sources like Camera, Fabric scanning, designing files etc
- Preprogrammed Change of design without stopping the weaving machine
- Power Saver technology which greatly increases life of electro-magnets.
- Magnet fault Detector Mechanism.
- Creation of design bank electronically. Design, once prepared, is permanent. It can be run on multiple Jacquards without any extra cost. In mechanical jacquards, it was not possible. In conventional machines, every jacquard required separate design card chain and that too was subjected to heavy wear & tear in addition to huge storage space and protection requirements.
- Compact, Vibrant & Heavy Duty structure for smooth and efficient pattern making.
- High quality Industrial standard components/ hardware are used to ensure quality standards
- Networking (Optional) to network all the CPM of a weaving unit to track the weaving activities on office computer

DEMAND FOR THE PRODUCTS

Sumatex is the only manufacturer of CPM in India in an organized sector and is providing the import substitute to Indian Textile Industries. After implementation of proposed project we will be able to provide a huge range of CPM (Import Substitute) to textile industries. Following is the Data showing import of textile machinery and accessories.

DATA RELATING TO IMPORT OF TEXTILE MACHINERY, PARTS AND ACCESSORIES

Description	(Value In Rs. Millions)				
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Machines for preparing Textile Fibres, Spinning, Twisting, etc. Machinery for producing Textile Yarns, Machines for preparing Textile Yarns for use on Machines of 8446/8447.	8705.30	21262.50	38089.60	26289.00	20977.80
Weaving Machines (Looms)	7834.20	15275.30	12596.20	11057.00	8716.50
Auxiliary Machinery used with Machines of Heading 8444, 8445, 8446/8447, Parts & Accessories used with this Heading/of Heading 8444, 8445, 8446/8447.	5680.00	8610.00	11150.00	9200.00	9420.00



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Other Parts of Household Laundry type Machines etc. 2500.00 and machines for applying paste to base fabric, etc. Machines for Reeling, Unreeling, Folding/Cutting Textile Fabric	5500.00	7000.00	6000.00	5000.00
Total	24719.50	50647.80	68835.80	52546.00
				44114.30

Source: Website of Directorate General of Commercial Intelligence and Statistics, Government of India

TUF Scheme

Considering the continual capital investments in the textile industry, the Govt. of India extended the Technology Upgradation Fund Scheme (TUFS) by the end of the 11th Five Year Plan (till 2011-2012), in order to support the industry. Indian textile industry is massively investing to meet the targeted output of \$85bn by the end of 2010, aiming exports of \$50bn. There is huge development foreseen in Indian textile exports from the \$17bn attained in 2005-06 to \$50bn by 2009-10. The estimation for the exports in the current financial year is about \$19bn.

This TUF Scheme shall not only bring investments in setting up new projects of these machines but shall logically replace the existing old machines. There shall be a huge demand once cost competitive Electronic Jacquards are indigenously available. Currently such projects of second hand machines are imported from the shop floor of European countries in India.

The Integrated textile park shall be the heavens for setting up such projects in India. Already 30 such parks have been already sanctioned by the Central Government. Apart from this the clusters of furnishing fabrics like Panipat, Bangalore, Solapur, Tarapur, Kolhapur, Ichalkaranji etc. which are currently employing old technology and have started to upgrade. It shall boost the demand to the top gear for such machines.

Credit Linked Capital subsidy 20% or 5% interest subsidy shall be available under central Government's TUF Scheme for Textiles for setting up such projects. This would be an added advantage for setting up new projects.

Existing Capacity utilization

The company is having installed capacity of manufacturing 1300 CPM p.a. against which it is utilizing around 93 % of the capacity at present.

Projected Capacity Utilisation

We expect robust demand for our product range, and therefore we expect to utilize 100% of our installed capacity.

Major Factors for Growth

The Major Factors those are likely to produce growth for Textile Machinery Include:

- A Worldwide increase in demand for Indian textiles and readymade garments.
- The high cost of imported textile machinery.
- Government restriction on the import of the used textile machines.
- The high cost of the used equipment which makes textile manufacturing operations more difficult.



BUSINESS STRATEGY

Continue to recruit and retain qualified professionals

We believe that our employees are key contributors to our business success, we will continue to focus on attracting, training, motivating and retaining promising, skilled and experienced professionals in the textile engineering industry.

Efficient production of Quality Products

We are focusing and would continue to focus on efficient production of quality products. Our experience in business and technology shall enable us to provide quality products. We believe our quality products enable us to compete with other international players. We shall continue to maintain high standards with respect to latest micro processed based technology, high quality components, user friendly software, procurement from vendors, hiring employees, being transparent in our dealings and delivering our products on time.

Customer satisfaction

We believe in offering best quality and high standard products to our customers. We satisfy our customers by giving them cost effective, innovative and user friendly products which differentiate ourselves from other competitors. We also have a strong belief in customer satisfaction which allows us to widen our customer base by attracting new customers.

After Sales Service

The company has been creating value by providing after sale service in relation to its machines and it has set up a separate customer service cell and deployed dedicated technicians to address the customer complaints and service response within no time. The company has been able to enlarge the list of valued customers over the years by virtue of its product strength and valued after sale service.

Manufacturing Capabilities

Our manufacturing facilities at Bhilwara (Rajasthan) have the ability to provide comprehensive range of products. Our facilities are versatile in nature and capable of processing various types of parts of machineries. We believe that our manufacturing infrastructure shall give us an edge over the other players in both unorganized and organized sector and shall allow us to compete more effectively.

Our wide product range

We offer a wide and varied range of products in computerized pattern makers/ Electronic Jacquard Machine, in our product basket, allowing the customer to choose as per their specific requirements and affordability.

MARKETING

Existing Marketing Setup

At present company has its head marketing office in Bhilwara which is a textile hub of India. The central marketing office is situated at Mumbai. The company has a access to a network of textile machinery dealers all over India for marketing its products .

MARKETING STRATEGY

We intend to pursue the following strategies to increase our market share and to maintain our position as a leading jacquard machine manufacturer in India.

Strong professional management team and motivated work force

The Company is managed by a team of professional managers exclusively focused on different aspects of business including research and development, manufacturing and finance. The promoters and management have a substantial experience in Textile Industry.



Strong marketing network

We have an in-house sales and marketing team in our offices that interacts directly with customers and their representatives. The marketing team specializes in the direct marketing of high quality products. Additionally, we also have access to a network of Textile Machinery Agents who not only identify end users but also promote our products. We believe that our sustained and structured marketing effort over the cycle of a project results in the broad exposure of our products to target customers.

Growth through Innovation

At Sumatex innovation is a continues process and we believe in developing high quality computerized pattern maker / Electronic Jacquard Machine to grab the huge market potential.

Continue to maintain standards of quality

We believe that the products we manufacture are generally of a standard quality and that we enjoy a reputation for developing standard quality products. We shall continue to maintain standards with respect to latest micro processed based technology, standard quality components, user friendly software, purchasing supplies, hiring employees, being transparent in our dealings and delivering our products on time. We believe that taking these steps will enable us to maintain our reputation, which in turn will contribute to the growth of the Company.

Customized Product / Service

At Sumatex, we believe that every customer had different type of requirement, and we provide customized services or products (software as well as machines).

OUR COMPETITIVE STRENGTH

Support of Government

The Textile Machinery Manufacturing is one of the largest capital goods segment in India. Therefore, the policies of Indian government are favourable to the Indian Textile Industry. The Central Government's TUF Scheme for textiles is vital in up grading and ensuring flow of capital investment for new technologies. The Central Government's TUF scheme which was introduced in the year 1999 has been extended for another 5 years up to 2012.

There are certain schemes for creating sound infrastructure for textile viz: Central Government's Scheme for integrated Textile Park, SME Development, Cluster Development Schemes for development of human resources, State subsidy etc. are specifically addressing the development of texiles in India.

Quality Products

We believe that the products we manufacture are generally of a high quality and that we enjoy a reputation for developing high quality products. We shall to continue to maintain high standards with respect to latest micro processed based technology, high quality components, user friendly software, purchasing supplies, hiring employees, being transparent in our dealings and delivering our products on time.

Market Share (Domestic)

Our company is the manufacturer of electronic jacquard in India. There are other players in unorganized sector and the rest manufacturers are from China and Europe. Our Market performance is geared to the needs of textile creation in the field of jacquards. At present our company is holding major market share and has successfully supplied more the 9000 jacquards and to more than 300 satisfied customers.

After Sales Service

The company has been creating value by providing after sale service in relation to its machines and it has set up a separate customer service cell and deployed dedicated technicians to address the customer



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complaints and service response within no time. The company has been able to enlarge the list of valued customers over the years by virtue of its product strength and valued after sale service.

Strong Management Team

The promoters and management have a substantial experience in Textile Industry. The Company is managed by a team of professional managers exclusively focused on different aspects of business including research and development, manufacturing and finance.

SWOT Analysis in relation to the company

Strengths:

- Unique product line
- Access to Textile Machinery Dealers covering all major textile centers in India
- Immaculate record of working with the weaving industry. Applying measures and techniques to enhance the competitiveness of the weaving industry
- Stronghold in manufacturing capabilities
- An ISO 9001:2000 company
- After Sales Service facility covering all major textile centers in India
- Team of professionals and dedicated personnel
- Cost effective products

Weakness

- Need for strong marketing setup and need for expansion
- Need for more investments in R&D, and infrastructure, plant & machinery
- Need for more investments in on Human Resources Development

Opportunity

- Growing domestics market
- Modernization of existing units – means generating huge demand for jacquard machines
- Large potential in export market
- The high cost of imported textile machinery
- The high cost of the used equipment which makes textile manufacturing operations more difficult
- TUFs & other Incentive Schemes by Govt. of India
- Elimination of quota restriction leads to greater market development

Threats

- Competition from other developing countries, especially China.
- Horizontal growth of powerlooms (SME).
- No exposure to export market



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INSURANCE POLICIES

The Company has insured its assets and stocks through various insurance policies, details of which are given below:

(Amount in Rs.)

Sr. No.	Policy No	Description	Property Insured	Expiry date	Sum Assured	Premium + Taxes	Insurance Co.
1.	140200/31/09/01/0000753	Motor Insurance	Octavia Rider Classic Car	29.6.2010	7,70,000	17,967	United India Insurance Company Limited
2.	140200/11/08/11/0000585	Standard Fire and special perils policy	Plant Machinery and Accessories	6.3.2010	6,00,000	495	United India Insurance Company Limited
3.	140200/11/09/11/0000121	Standard Fire and special perils policy	Stocks	23.05.2010	4,00,00,000	45,355	United India Insurance Company Limited
4.	140200/31/09/01/0000421	Motor Insurance	Maruti Esteem	20.05.2010	1,12,000	2,772	United India Insurance Company Limited
5.	140200/31/09/01/0000310	Motor Insurance	Mahindra Bolero	08.05.2010	2,70,000	9,661	United India Insurance Company Limited
6.	140200/46/09/04/0000020	Burglary Policy	Plant and Machinery	22.04.2010	1,17,00,000	6,453	United India Insurance Company Limited
7.	140200/46/09/04/0000040	Burglary Policy	Raw Material, Semi Finished Goods and Finished Goods	23.05.2010	4,00,00,000	11,030	United India Insurance Company Limited
8.	140200/41/08/01/0000008	Workmen's Compensation (General) Policy	25 Employees working for civil works	18.01.2010	5,00,000	12,641	United India Insurance Company Limited
9.	140200/11/09/11/000067	Standard Fire and special perils policy	Plant and Machinery and accessories	22.04.2010	1,17,00,000	13,365	United India Insurance Company Limited

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10.	140200/11/08/11/0000586	Standard Fire and special perils policy	Engineering Work Shop	06.03.2010	1,58,00,000	13,037	United India Insurance Company Limited
11.	140200/31/09/01/0001107	Motor Insurance	Swaraj Mazda Truck	05.08.2010	2,00,000	8,171	United India Insurance Company Limited
12.	140200/42/08/03/0000188	Group Personnel Accident Policy	114 Employees	01.01.2010	Per Person Rs. 10 Lakh	28,692	United India Insurance Company Limited

**PROPERTY****Details of Leasehold Property**

The Company is in possession of the properties mentioned below which were allotted by RIICO on lease to certain entities for a period of 99 years, who have further transferred such lease hold rights for the remaining lease period in favour of the Company.

Sr. No.	Date of Lease/ Sale deed	Name of the Other Party	Location	Area
1.	11/05/1998	Rajasthan State Industrial Development and Investment Corporation Ltd (RIICO)	Plot No. H-81 RIICO Industrial Area, Bhilwara, Rajasthan	785.38 Sq. Mtrs.
2.	10/04/2006	RajTex Machinery Pvt. Ltd.	Plot No. F77A, RIICO Industrial Area, Bhilwara, Rajasthan	2325 sq. mtrs.
3.	10/04/2006	Sulz Fab Pvt. Ltd.	E181A, RIICO Industrial Area, Bhilwara, Rajasthan	727 sq. mtrs.
4.	23/08/2005	RIICO	SPL 1, RIICO Industrial Area, Biliya Dist. Bhilwara, Rajasthan	12622 sq. mtrs.
5.	30/03/2002	Rajasthan Financial Corporation	H-79-80, RIICO Industrial Area, Pur Road, Bhilwara, Rajasthan	1460 sq. mtrs.

Details of Leave and License Property

The Company is also in possession of the following properties on leave & licence basis:

Sr. No.	Date of Leave and License Agreement	Name of the Other Party	Location	Area	Leave & License Period
1.	8/04/2009	M/s. Surbhi Y. Patel	Palm Springs Centre, Unit No. 513, 5 th Floor, Malad, Borivali	865 Sq. Ft. carpet area	36 months
2.	16/03/2009	Rajtex Machinery Pvt. Ltd.	Plot No. 5, Undeveloped Industrial Area, Pur Road, Bhilwara, Rajasthan	2700 Sq. Meter	11 months



Financial Indebtedness of our Company

Name of the Lender	Sanction Amount (Rs. in Lacs)	Nature of Loan	Amount outstanding as on October 31, 2009 (Rs. in Lacs)	Date of agreement /sanction letter	Interest Rate	Repayment Schedule	Security
Bank of Baroda SSI Branch Bhilwara	107.89	Term Loan I	81.89	8 th December 2008	0.75% over BPLR i.e. 14% p.a. at the time of sanction of loan which is subject to change from time to time as decided by the Bank	Quarterly installments of Rs 6.50 Lac each for principal amount	Hypothication of Land and Building, Plant and Machinery
Bank of Baroda SSI Branch Bhilwara	366.00	Term Loan II	111.75	8 th December, 2008	0.75% over BPLR i.e. 14% p.a. at the time of sanction of loan which is subject to change from time to time as decided by the Bank	24 quarterly installments of Rs. 15.25 Lac each for principal amount	Hypothication of Land and Building, Plant and Machinery



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Bank of Baroda SSI Branch Bhilwara	500.00	Working Capital	149.78	8 th December, 2008	0.25% over BPLR i.e. 13.50% p.a. payable at monthly rest at the time of sanction of loan which is subject to change from time to time as decided by the Bank	On demand	Land and Building, Hypothication of Inventory and Book Debt
ICICI Bank	11.20	Skoda Octavia Car Loan	2.81	5 th August 2007	10.27% p.a	36 EMIs of 36,512 including interest	Skoda Octavia Car
ICICI Bank	3.28	Maruti Zen Car loan	0.71	October 2007	9.16% p.a	30 EMIs of 12,200 including interest	Maruti Zen Car
ICICI Bank	2.70	Maruti Alto Car loan	1.41	30 th June, 2008	12.24% p.a.	31 EMIS of Rs. 10,100 each including interest	Maruti Alto Car



KEY INDUSTRY REGULATIONS:

1. Government Regulations and Support

- **Foreign Investment**

Under the applicable industrial policy and extent foreign direct investment policy, foreign direct investment up to 100% is permitted in this industry.

- **Technology Upgradation Funds (TUF) Scheme**

The Technology Upgradation Fund Scheme (TUFS) was launched on April 1, 1999 initially for five years, to sustain and improve competitiveness and overall long term viability of the textiles industry and to facilitate timely and adequate capital, at internationally comparable rates of interest. It was subsequently extended till March 31, 2007, and has now been extended till March 31, 2012.

2. Customs Act, 1962

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

3. Central Excise Act, 1944

In accordance with the Central Excise Act & Central Excise Rules, every person who produces or manufactures any excisable goods is required to get itself registered with the Jurisdictional Deputy or Assistant Commissioner of Central Excise. Hence this Act is applicable on our Company. Further the provisions of the Central Excise Rules provide that the manufacturer of final products (other than SSI's) shall submit the duty on goods removed from the factory or warehouse during the month by the fifth day of following month. Also a Monthly Return in Form ER1 is required to be submitted to the Superintendent of Central Excise within 10 days after the close of the month.

4. Factories Act, 1948

As per the applicable provisions of the Factories Act, 1948 ("Factories Act"), read along-with the Rules framed there under, no person can operate a factory till such time it has obtained a license from the designated authorities under the Factories Act. Generally, registration/license under the said Factories Act is issued on yearly basis and is required to be renewed annually. Factories Act, is a central law which primarily regulates working conditions of workers in factories and to ensure that basic minimum requirements for the safety, health and welfare of factory workers is provided. The Act also regulates the working hours, leave, holidays, overtime, employment of children, women and young persons etc. The Factories Act is applicable to all 'factories'.

5. Registration under Sales Tax Laws/Value Added Tax

Value Added Tax

Every State/Union Territory in India has its own Value Added Tax ('VAT') Act. The taxable event which attracts the levy of VAT is the sale of goods within a particular State by a dealer.

Registration under the VAT Act is of two types – mandatory and voluntary. Mandatory registration is required when the turnover of the dealer exceeds the threshold limit prescribed in the particular VAT Act of the concerned State.

The other type of registration which is envisaged is voluntary registration. In such a situation, the dealer can get himself registered at any time under the provisions of the VAT Act irrespective of its turnover.

Central Sales Tax

As stated above, VAT is chargeable when a local sale is effected by a dealer. However, in cases where the dealer effects an inter-state sale i.e. a sale where the movement of goods commences in one State and delivery of the goods is made in another State, the dealer effecting such sale is required to charge Central Sales Tax ('CST') on the price of the goods being sold.



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Registration under the CST Act is required in case an inter-State sale (even one sale is enough to attract the provisions of CST) is effected by a dealer irrespective of the price at which the same is effected.

6. Income Tax Act, 1961

The Company is required to obtain the PAN and TAN as per the requirement of the Income Tax Act, 1961. Permanent Account Number (PAN) is a ten-digit alphanumeric number issued by the Income Tax Department, Government of India. All assesses or taxpayers or persons, who are required to furnish a return of income, must obtain PAN. It is mandatory to quote PAN on return of income.

TAN or Tax Deduction Account Number is a 10 digit alphanumeric number required to be obtained by all persons who are responsible for deducting or collecting tax. It is compulsory to quote TAN in withholding tax return, payment challans and withholding tax certificates.

7. Indian Boiler Act, 1923

The Indian Boilers Act, 1923 was enacted with the objective to provide mainly for the safety of life and property of persons from the danger of explosions of steam boilers and for achieving uniformity in registration and inspection during operation and maintenance of boilers in India. "Steam Boiler" means any closed vessel exceeding 22.75 litres which is used exclusively for generating steam under pressure and includes any mountings and other fittings attached to such vessel which is wholly or partly under pressure when steam is shut off. Every boiler owner is required to make an application to the Chief Inspector of Boilers for the inspection of the boiler along with the treasury challan of the requisite fees as per requirements of Indian Boilers Act, 1923.

8. The Rajasthan Shops and Commercial Establishment Act, 1958

The respective State Governments have the power to make laws on the subject matter. In exercise of these powers, various State Governments have enacted the shops and establishments act which is applicable to the shops and commercial establishments within the respective states as may be specified by the Government. Each state has its own legislation on shops and establishments which lay down inter alia, guidelines for regulating the hours of work, payment of wages, leave holidays, terms of service, overtime and other conditions of work of persons employed in shops, commercial establishments etc. and to discourage the malpractices by employers towards their employees. The Rajasthan Shops and Commercial Establishment Act, 1958 governs the company as the company is having its registered office in the state of Rajasthan.

9. Other Employee Welfare related acts:

- Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- Registration under the Employees' State Insurance Act, 1948
- Payment of Bonus Act, 1965
- Payment of Gratuity Act, 1972
- Workmen's Compensation Act, 1923



OUR HISTORY AND CORPORATE STRUCTURE

History and Major Events

Our company was originally incorporated in the name of 'Sumatex Services Private Limited' on January 23, 1998 under the Companies Act, 1956 in the State of Rajasthan. The name of the company was subsequently changed to 'Sumatex Services Limited' and a fresh Certificate of Incorporation consequent on Change of Name was obtained from Registrar of Companies, Rajasthan on July 20, 2007. The name of the company was further changed to 'Sumatex Limited' and a fresh Certificate of Incorporation consequent on Change of Name was obtained from Registrar of Companies, Rajasthan on August 13, 2007.

Changes in Registered Office of our Company:

There is no change in our registered office since incorporation.

Major events in the History of Our Company:

Year	Events
1998	Incorporation of the company
2002	Launched its 1st Mechanical Jacquards for selvedge name writing
2005	Launched 1 st vertical head, electronically operated fully computerized selvedge pattern maker machine
2005	Company Certified ISO 9001 : 2000
2007	Approval as benchmarked manufacturer for Jacquard by the Government of India, Ministry of Textiles for TUFS
2009	Commencement of Export of our Machinery

Main Objects of our Company:

The main objects of the company are:

1. To carry on all kinds of business of designers, manufacturers, assemblers, processors, dealers, traders, distributors, importers, exporters, programmers, managers, operators, agents, consultants, system designer and contractors for erection and commissioning of turnkey basis, or to deal in any other manner including storing, packing, transporting, converting, repairing, installing, training, servicing, maintaining of all types and varieties of textile machinery and spare parts.
2. To develop, import, export and deal in all types of textile spares as well as to provide all types of consultancy in the field of textile engineering, fabric designing, manufacturing and processing matters.
3. To provide training centre for the weavers, beamgaitors and overlookers.
4. To buy, sell produce manufacture, process, design, exchange, distribute, stock, barter, import, export, make advance upon or otherwise deal in textile machineries as well as in yarn of all variety and description including cotton, synthetic, staple, textile, linen, tents, durries, niwar, cloth of all kinds and description, and other goods, jute cuttings, jute rejections, hession, gunny bags, sacks. Twin ropes, webbing, poly plastic strips and all kinds of jute goods.
5. To carry on all or any of the business of manufacturing, processing, spinning, doubling, scouring, sizing, combing, weaving, ginning, bailing, knitting, winning, colouring, dyeing, bleaching, finishing, calendaring, printing, mercerizing, chemical processing, selling, bying, importing, exporting, distributing, exchanging, bartering, shipping of otherwise dealing in Cotton, Wool Silk, Art Silk, Rayon, Terene, Flax, Hemp, Polyester Synthetics, Linen, Jute, Nylon, Poly Plastic Strips and other fibrous materials, Yarn Fabrics, carpets and all other textiles yarns, fibrous substances, man made and other fibrous articles, chemical or synthetics or textile substance or any of these commodities to treat and utilize and deal in



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any waste arising from any such operation of the bying and selling or any dealing in all or any of the aforesaid substance.

6. To carry on the business of manufacturers of and dealers in water-proof fabrics, paviliners, American clothes, floor clothes and all kinds of imitation leathers and rubbers.
7. To recruit and placement of weavers, beamgators, overlookers, shift incharges, technicians as per requirement of the weaving units.

Amendments to our Memorandum/ Articles of Association

The amendments in our Memorandum and Articles of Association, apart from the changes in the Authorised Share Capital of the company are as follows:

Sr. No.	Changes in Memorandum/ Articles of Association of the Company	Date of General meeting
1	<ul style="list-style-type: none"> Change of name of the Company from Sumatex Services Private Limited to Sumatex Services Limited 	29 th June, 2007
2	<ul style="list-style-type: none"> Change of name of the Company from Sumatex Services Limited to Sumatex Limited Adoption of new Articles of Association pursuant to conversion of Company from private to public 	23 rd July, 2007
3	<ul style="list-style-type: none"> Alteration of the Memorandum of Association by deleting the existing clause (v) about share capital and insertion of the new clause (V) about the Authorised Share Capital of the company Alteration of the Articles of Association by inserting sub clauses 17A, 17B, 17C, 17D, 17E, 17F, 17G, 17H, 17I, 17J after Article 17 of Articles of Association Alteration of the Articles of Association by inserting sub clauses 47A, 47B, 47C, 47D, 47E and 47F after Article 47 of Articles of Association 	2 nd September, 2009

Subsidiaries of the Company:

As of the date of filing this DRHP with SEBI we have no subsidiaries.

Collaboration

Our Company has not entered into any collaboration with any third party as per regulation (VIII) (B)(1)(c) of part A Schedule VIII of SEBI Regulations.

Shareholders' Agreement

There is no Shareholders' Agreement existing as on date of filing this DRHP.

Other Agreements

Except the Contracts /Agreements entered into in the ordinary course of the business carried on or intended to be carried on by our Company, our Company has not entered into any other Agreement / Contract.

Financial / Strategic Partners

There is no financial or strategic partner in our business.



OUR MANAGEMENT

As per the Articles of Association, our Company cannot have less than three directors and more than twelve directors. Our Company functions under the control of a Board, comprising of 7 directors who sets policy guidelines and the other key personnel are responsible for day to day management of the company.

The following table sets out the current details regarding our Board as on the date of the filing of this DRHP:

Name, Age, Father's Name, Address and Designation, Occupation, Status & DIN	Date of Appointment	Qualification	Other Directorships
Mr. Sudeep Malu S/o Mr. Deepchand Malu Age: 48 Years Address: A-19, R. K. Colony, Bhilwara – 311 001. Designation: Chairman and Managing Director Occupation: Industrialist Status: Executive Director DIN: 00177659	2.9.2009 as Managing Director	B. Textiles (Technology)	• Rajtex Machinery Pvt. Ltd.
Mr. Suresh Kogata S/o Mr. Sohan Lal Kogata Age: 49 Years Address: A- 203, Shastri Nagar, Bhilwara – 311 001 Designation: Additional Director Occupation : Business Status: Independent and Non Executive Director DIN: 00256893	5.10.2009	Chartered Accountant	• Mayur Fabrics Pvt. Ltd.
Mr. Navin Kumar Kakani S/o Mr. Krishna Gopal Kakani Age: 34 Years Address: C-9, Shastri Nagar, Bhilwara – 311 001 Designation: Additional Director Occupation : Practising Chartered Accountant Status: Independent and Non Executive Director DIN: 00935794	5.10.2009	Chartered Accountant	• Aviva Coats Pvt. Ltd
Ms. Deepa Heda D/o Mr. Nanak Ramji Kodwani Age: 38 Years Address: Shastri Nagar, Kawa Kheda Main Road,	5.10.2009	Chartered Accountant	• Vipul Sulz Pvt. Ltd • Prakshi Estates Pvt. Ltd



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Name, Age, Father's Name, Address and Designation, Occupation, Status & DIN	Date of Appointment	Qualification	Other Directorships
Bhilwara – 311 001 Designation: Additional Director Occupation : Chartered Accountant Status: Independent and Non Executive Director DIN: 00217500			
Mr. Sunil Kumar Agarwal S/o Mr. Bhanwarlal Agarwal Age: 48 Years Address: Sarkari Darwaza Station Road, Bhilwara - 311 001 Designation: Additional Director Occupation : Service Status: Non Independent and Executive Director DIN: 02822627	30.10.2009	B. Textiles (Technology)	• None
Mr. Jagraj Singh Choudhary S/o Late Mr. Jagannath Singh Choudhary Age: 70 Years Address: 303, Panch Ratna Complex Fatehpura Bedla Road, Udaipur -313 001 (Rajasthan) Designation: Additional Director Occupation : Retired Service Executive Status: Independent and Non Executive Director DIN: 02822661	30.10.2009	B. Com, M .A.	• None
Mr. Surender Kumar Chandna S/o Late Mr. Sohan Lal Chandna Age: 47 Years Address: 2 F8, New Housing Board, Shastri Nagar, Bhilwara - Designation: Additional Director Occupation : Service Status: Independent and Non Executive Director DIN: 00923696	30.10.2009	B. Textiles	• None



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All the Directors of the Company are Indian nationals. There are no arrangements or understanding with major shareholders, customers, suppliers or others pursuant to which any of the Directors were selected as a Director or member of the senior management.

PROFILE OF THE CHAIRMAN AND MANAGING DIRECTOR:

Mr. Sudeep Malu (48 years), a textile graduate from Technological Institute of Textiles, Bhiwani, India's premier textile institute, has 25 years of experience in this business. He is heading the company with the support of management team consisting of young and experienced, professionals from finance, marketing, production, software and all other related fields.

DIRECTORS OTHER THAN PROMOTERS OF OUR COMPANY:

Mr. Suresh Kogata (49 Years) has been on the Board of Directors of the company since 5th October, 2009. He is a Chartered Accountant and working in the field of textile for more than 20 years. He is holding the post of Joint Secretary of Synthetic and Weaving Mills Association, Bhilwara since last 10 years. He is also holding post of Vice President of Bhilwara Textile Trade Federation since last 2 years.

Mr. Navin Kumar Kakani (34 years) has been on the Board of Directors of the company since 5th October, 2009. He is a practising Chartered Accountant for more than 10 years in the area of Audit and Taxation. He is partner in M/s Kakani and Associates, Bhilwara.

Ms. Deepa Heda (38 years) has been on the Board of Directors of the company since 5th October, 2009. She is a Chartered Accountant and more than 12 years of experience in the area of Business Administration.

Mr. Sunil Kumar Agarwal (48 years) has been on the Board of Directors of the company since 30th October, 2009 and has been appointed as Executive Director of the company w.e.f. 1.11.2009. He is a Textile Engineer (B. Textiles - Technology) from Technological Institute of Textiles, Bhiwani and associated with Sumatex over 7 years. He has more than 25 years of experience in various fields. He is responsible for production and purchase activities in the Company.

Mr. Jagraj Singh Choudhary (70 years) has been on the Board of Directors of the company since 30th October, 2009. He is having degree of commerce and Master in Arts and having more than 42 years of experience in the area of Production Planning, Costing and Import /Export etc.

Mr. Surender Kumar Chandna (47 Years) has been on the Board of Directors of the company since 30th October, 2009. He is a Textile Engineer (B. Textiles - Technology) and has over 25 years of experience with various textile units having different kind of weaving machines.

Relationship between Directors

None of the Directors are related to each other.

Details of the Borrowing Powers

Pursuant to a resolution passed by our shareholders on September 02, 2009, in accordance with provisions of the section 293(1)(d) and other applicable provisions if any of the Companies Act, 1956 our Board has been authorized to borrow from time to time any sum or sums of money which together with the monies already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of our Company and its free reserves that is to say, reserves not set apart for any specific purposes, provided however that the sums so borrowed shall not exceed Rs. 10,000 Lakhs.



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Terms and conditions of appointment of the Managing Director Mr. Sudeep Malu:

Period of appointment: 3 years, from 1st September 2009 to 31st August, 2012

I. Details of remuneration:

Salary:

- (i) Rs. 5,00,000/- per month

Perquisites:

- (i) Use of fully maintained Company's Car with Chauffeur with fuel reimbursement.
- (ii) Reimbursement of expenses incurred on Gas, Electricity and Water.
- (iii) Reimbursement of residential telephone bills at actual basis. Use of telephone for office purpose shall not be considered as perquisite.
- (iv) One mobile phone for official purpose.
- (v) Leave Travel Concession Rs 3,00,000/- for self and family every year.
- (vi) Children education allowance will be paid Rs. 50,000/- per month per child
- (vii) Medical reimbursement at actuals.

Minimum Remuneration : Notwithstanding anything contained herein, where in any financial year, during the currency of the tenure of Mr. Sudeep Malu, as Managing Director of the Company, if the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, allowances and perquisites not exceeding the maximum limits as prescribed under Para 1 of Section II, Part II of Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

Other terms:

1. In case the Managing Director dies during the course of his employment the company shall pay to his heirs/ legal representatives the remuneration and / or other perquisites due and payable upto the date of death of the Managing Director.
2. As long as the Director is in the employment of the Company he shall have no interest directly or indirectly in any manner whatsoever including but without limiting the generality thereof in any financing arrangements in or with any person, firm, company or corporation engaged in any business that is competitive with any business which the Company or any other Company which is subsidiary or is affiliated to or is associated with the Company carries or from time to time. In the event that the Director breaches this Clause, the Company may terminate the Director's employment hereunder without notice and such termination shall not affect any of the Director's other obligations hereunder and the same shall survive such termination
3. In the event that the Director :
 - i. commits any act of willful disobedience or misbehavior or any gross neglect to his duties.
 - ii. breaches or fails to observe any of his provisions herein contained.
 - iii. commits any act of bankruptcy.



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- iv. commits an indictable offence; or
 - v. fails to comply with the reasonable instructions, orders and directions of the Board of Directors of the Company.
- then the Company may forthwith terminate this Agreement and his employment hereunder.
- 4. In the event of the Director :
 - i. becoming incapacitated by illness for a period of two (2) consecutive months or an accumulated period of four (4) months in any twelve (12) months period;
OR
 - ii. being advised by a panel of three (3) independent medical practitioners that his health has deteriorated to a degree that it is advisable for him to leave the Company.
- then the Company may forthwith terminate this agreement and his employment hereunder.
- 5. Upon termination of this agreement for any cause whatsoever, he shall cease to be a Director of the Company and of any subsidiary or affiliate of the Company.
 - 6. In the event that the Director resigns, retires or his employment terminates pursuant to the provisions of this Agreement the Director hereby authorises the Company and/ or any related Company to set off against and deduct from all or any amounts owing out of salary, allowances, accrued leave, long service leave, superannuation payments or any other emoluments or benefits owing to the Director by the Company and / or any related Company such amounts owed by the Director to the Company or any subsidiary or related Company of the Company on any account whatsoever.
 - 7. This Agreement supersedes all previous written, verbal or implied terms conditions and representations relating to the Director's employment, and all claims by either party against the other under any previous agreement are declared to be settled.
 - 8. The Agreement on the part of the Director herein shall bind the Director and his heirs, executors and administrators.

Terms and Conditions of Employment of Executive Director Mr. Sunil Agarwal

Period of appointment: 3 years, from 1st November 2009 to 31st October, 2012

I. Details of remuneration:

Salary:

- (i) Rs. 1,00,000/- per month

Perquisites:

- (i) One mobile phone for official purpose.
- (ii) Medical reimbursement at actuals.

Minimum Remuneration : Notwithstanding anything herein contained, where in any financial year, during the currency of the tenure of Mr. Sunil Agarwal , as Executive Director of the Company, if the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, allowances and perquisites not exceeding the maximum limits as prescribed under Para 1 of



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Section II, Part II of Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

Terms and Conditions of Employment of Non-Executive Directors

We have not entered into any formal arrangements with our Non-Executive Directors. There are no other payments made to them apart from their sitting fees for attending meetings of the Board or Committee and reimbursement of traveling and other incidental expenses, if any.



COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. There are 7 directors on our Board of which 5 i.e. not less than 50% comprises of non-executive and independent Directors.

Sr. No.	Name of the Director	Status
1	Mr. Sureshchandra Kogata	Independent Non Executive – Additional Director
2	Mr. Navinkumar Kakani	Independent Non Executive – Additional Director
3	Ms. Deepa Heda	Independent Non Executive – Additional Director
4	Mr. Jagraj Singh Choudhary	Independent Non Executive – Additional Director
5	Mr. Surendra Chandna	Independent Non Executive – Additional Director

There is no service contract between our Company and its Non Executive Directors.

A. Audit Committee

Audit Committee is constituted by Board of Directors consisting of 3 directors as mentioned hereunder:

i) Composition

The Audit Committee as per the provisions of Section 292A of the Companies Act, 1956 comprises of three non-executive Directors, all being independent, namely:

Name	Title	Status
Ms. Deepa Heda	Chairman	Independent
Mr Suresh Kogata	Member	Independent
Mr. Navin Kumar Kakani	Member	Independent

Ms Neha Jain the Company Secretary of the company, acts as secretary to the Audit Committee.

ii) Terms of Reference

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions and
 - g. Qualifications in the draft audit report.



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5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue and preferential issue), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Reviewing the functioning of the whistle blower mechanism, in case the same is in existence.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The scope and function of the Audit Committee are in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreement.

B. Remuneration Committee

i) Composition

Name	Title	Status
Mr. Jagraj Singh Choudhary	Chairman	Independent
Mr. Navin Kumar Kakani	Member	Independent
Ms. Deepa Heda	Member	Independent

Ms Neha Jain the Company Secretary of the company, acts as secretary to the Remuneration Committee

ii) Terms of Reference

1. To assist the Board in formulating and implementing the remuneration policy of the Company vis-à-vis the Executive Directors; and
2. To recommend to the Board, the terms of compensation of Executive Directors.

C. Shareholders / Investors Grievance Committee

i) Composition

Name	Title	Status
Mr. Suresh Kogata	Chairman	Independent
Mr. Naveen Kumar Kakani	Member	Independent
Mr. Jagraj Singh Choudhary	Member	Independent

Ms Neha Jain the Company Secretary of the company, acts as secretary to the Shareholders / Investors Grievance Committee



ii) Terms of Reference

1. Approval of the requests for share transfers and transmissions;
2. Approval of the requests pertaining to Demat of shares, requests received for issuance of renewed and duplicate share certificates, subdivision, consolidation; and
3. To specifically look into the redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.”

INTERESTS OF DIRECTORS (OTHER THAN THE PROMOTER DIRECTOR)

Except as stated in “Related Party Transactions” on page [•] of this offer Document, and to the extent of shareholding in our Company, the directors do not have any other interest in the business. The directors are interested to the extent of remuneration and/or shares allotted to them if any.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the DRHP in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them except in case of Executive Director.

The Articles of Association provide that the Directors and officers shall be indemnified by our Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

Statement Showing Shares held by the Directors

Sr. No.	Name of the Director	Number of Shares held
1	Mr. Sudeep Malu	3572456

Changes in the Board of Directors in the last 3 years

The following are the changes in the Board of Directors in the last 3 years:

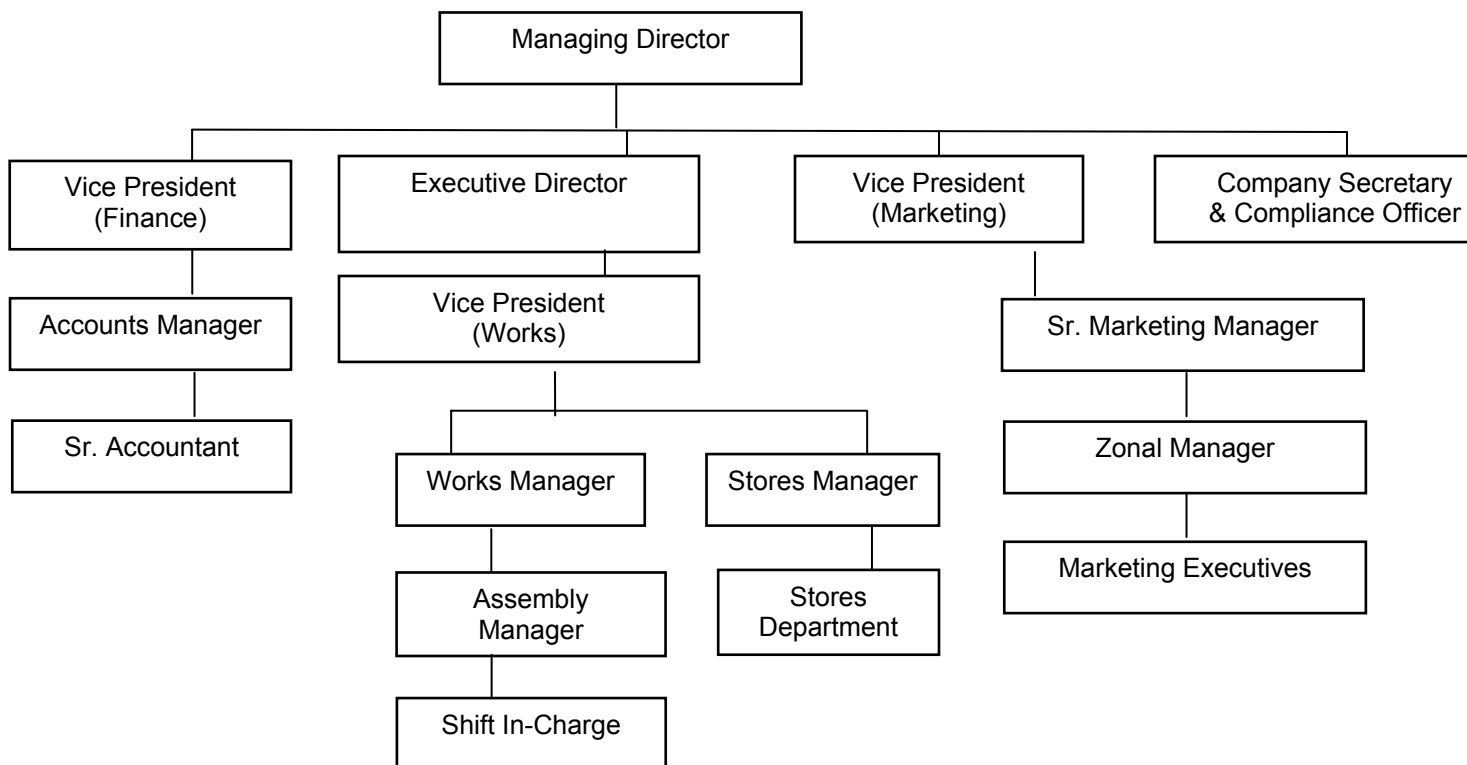
Sr. No.	Name	Designation	Date of appointment	Date of cessation	Remarks
1	Mr. Suresh Kogata	Additional Director	05.10.2009	-	Fresh Appointment
2	Mr. Navin Kumar Kakani	Additional Director	05.10.2009	-	Fresh Appointment
3	Ms. Deepa Heda	Additional Director	05.10.2009	-	Fresh Appointment
4	Mr. Sunil Kumar Agarwal	Additional Director	30.10.2009	-	Fresh Appointment
5	Mr. Jagraj Singh Choudhary	Additional Director	30.10.2009	-	Fresh Appointment
6	Mr. Surender Kumar Chandna	Additional Director	30.10.2009	-	Fresh Appointment

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7	Mrs Supriya Malu	Director	Since incorporation of the company i.e. 23.1.1998	30.10.2009	Resigned on account of personal reasons
8	Mr. Surbhit Malu	Director	30.05.2009	30.10.2009	Resigned on account of personal reasons
9	Mr. Deepchand Malu	Director	21.06.2007	01.06.2009	Resigned on account of personal reasons



ORGANISATION CHART





Sumatex Limited

KEY MANAGEMENT PERSONNEL:

In addition to our Executive Directors below are details of the key managerial employees of the Company:

Sr. No	Name, Designation, Age	Qualification	Experience (Years)	Date of Joining	Functional Responsibility	Previous Employment
1	Mr. Davinder Singh Bhola Manager R & D, 45 years	Diploma in Textile Technology	22 Years	05/03/2009	New machine parts drawing and design development, Trials and final approvals	<ul style="list-style-type: none"> • Pareek Sulz Bhilwara • Anand International Ltd. Panipat • Shamken Multifab • Grasim Industries Ltd. • Amarjit Singh & Co.
2	Mr. Prabhat Chobey Astt. Manager R & D, 45 years	M.A , I TI (Textiles)	15 Years	04/03/2009	New machine parts drawing and design development, assembly for Trials and approvals	<ul style="list-style-type: none"> • BSL fortune int. silk plant Bhilwara • Keshav India Ltd. Bhilwara • Suzuki Suiting Pvt. Ltd. • BSL Ltd, Bhilwara
3	Mr. Dinesh Kudal Manager Marketing 42 Years	B. Com	21 years	03/12/2005	Establishing marketing network, Order Procurement, Dispatch scheduling and payment collections	<ul style="list-style-type: none"> • Swagat Fabrics, Bhilwara • Modern woolen Limited, Bhilwara • Samurai Synthetics Pvt. • Manufacturing Cloth, Bhilwara • Modern Threads Limited, Bhilwara
4	Mr. Ashish Sharda Manager Accounts 29 Years	B. Com.	7 Years	17/08/2002	Accounts and Taxation	<ul style="list-style-type: none"> • Suzuki Textile Ltd. Bhilwara • Keshav India Ltd. Bhilwara
5	Mr. Davendra Singh Rathore	Diploma in Mechanical	7 Years	11/08/2006	New machine parts drawing and design	<ul style="list-style-type: none"> • Larsen & Toubro e-



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	Manager Designing and Development, 27 Years	Engineering,			development, Trials and final approvals	Engineering Solution, Baroda
6	Mr. Rupesh Sharma Marketing Executive 28 years	B. A. PGDHRM	7 Years	10/04/2004	Areawise product Marketing, Dispatch co- ordination and payment collections	<ul style="list-style-type: none"> • United Phosphorus Limited, Ankeshwar, Gujrat
7	Mr. Vijay Choudhary Marketing Executive 28 years	B.Com MBA (Marketing)	4.5 Years	09/03/2009	Areawise product Marketing, Dispatch co- ordination and payment collections	<ul style="list-style-type: none"> • Sangam India Limited Bhilwara • R. R. Kabel Limited, Ahemdabad
8	Mr. Pankaj Samriya Marketing Executive 25 years	B. E (Textile Technology)	2 Years	18/04/2009	Net marketing and spares marketing	<ul style="list-style-type: none"> • Bhilwara Melba De Witte –LNJ Group, Banswara • ICICI Prudential Limited, Bhilwara
9	Ms. Neha Jain Company Secretary 23 Years	M Com C.S.	1 Year	19/10/2009	Secretarial compliances	<ul style="list-style-type: none"> • Corporate Professional Services Pvt. Ltd. Bhilwara

Brief Profile of the Key Management Personnel:

In addition to our Directors, provided below are the Key Managerial employees of the Company.

Mr. Davinder Singh Bhola, 45 years, Manager Research & Development, is a Diploma holder in Textile Technology, passed in the year 1987 from State Board of Technical Education Punjab having experience of more than 22 years. He looks after the R&D of our planned products up to production stage.

Mr. Prabhat Chobey 45 years, Assistant Manager Research & Development, is having a degree of M.A. from Ajmer and a Diploma holder from ITI in Weaving Textile Technology, passed in the year 1993 from Jodhpur University having experience of more than 15 years. He looks after R&D activities of our planned products.

Mr. Dinesh Kudal 42 years, Marketing Manager, is a B. Com passed in the year 1989 from Ajmer University and having experience of more than 21 years. He looks after the Marketing activities of the Company.

Mr. Ashish Sharda 29 years, Manager Accounts is B.Com passed in the year 2000 from M.L.S. University, Udaipur, Rajasthan and having experience in accounts for more than 7 years. He looks after the Accounting & Taxations Matters of the Company.



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Mr. Davendra Singh Rathore 27 years, Manager Designing & Development has passed Diploma in Mechanical Engineering in the year 2003 from Government Polytechnic College Ajmer, having experience of more than 7 years. He looks after the designing & development department.

Mr. Rupesh Sharma 27 years Marketing Executive is an M.B.A. He passed in the year 2002 from Rajasthan Vidyapeeth, Udaipur and has industrial experience of more than 7 years. He looks after Marketing management & Planning.

Mr. Vijay Choudhary 28 years, Marketing Executive is M. B. A. in Marketing & Finance passed in the year 2004 from Bangalore University having experience of more than 4 years. He looks after zone wise market management & planning.

Mr. Pankaj Samriya 25 years, Marketing Executive is Bachelor of Engineering in Textile Technology. He passed in the year 2007 from M L V Textile & Engineering College, Rajasthan University, and has experience of more than 2 years in Marketing.

Ms. Neha Jain, 23 years who is a Company Secretary, completed her ACS in the year 2008 and has also done M. Com in the year 2008 from Maharshi Dayanand Saraswati University, Ajmer.

All key managerial personnel are permanent employees of the Company

Shareholding of Key Managerial Personnel:

None of the Key Managerial Personnel of the Company hold any Equity Shares of the Company as of the date of filing this DRHP.

Bonus or Profit Sharing Plan for the Key Managerial Personnel:

The Company does not have any bonus or profit sharing plan for its key managerial personnel.

Changes in the Key Managerial Personnel in the last three years:

The changes in the key management personnel in the last 3 years are as follows:

Sr. No.	Name	Designation	Date of Appointment	Date of Cessation	Remarks
1.	Mr. Uday Sharma	Assembly In charge	27.12.2007	-	-
2.	Mr. Prabhat Chobey	Astt. Manager R & D	04.03.2009	-	-
3.	Mr. Davinder Singh Bhola	Manager R & D	05.03.2009	-	-
4.	Mr. Vijay Choudhary	Marketing Executive	09.03.2009	-	-
5.	Mr. Pankaj Samriya	Marketing Executive	18.04.2009	-	-
6.	Ms. Neha Jain	Company Secretary	19.10.2009	-	-
7.	Mr. Jayant Sharma	Marketing Executive	24.05.2007	01.07.2008	Personal reason
8.	Mr. Vikas Sethiya	Marketing Executive	04.04.2007	10.11.2007	Personal reason



EMPLOYEES:

The present strength of employees of our Company is **40** which are divided in three categories as mentioned below:

1. Top/Senior Management – **7**
2. Middle Management – **10**
3. Junior Management – **23**

ESOP/ESPS scheme to employees

Presently, we do not have ESOP/ESPS scheme for employees.

Payment or Benefit to Officers of our Company

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this DRHP or is intended to be paid, other than in the ordinary course of their employment.

Interest of Key Managerial Personnel

Our key managerial personnel do not hold any Equity Shares. The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and incentive payable as per policies. None of our key managerial personnel have been paid any consideration of any nature from our Company, other than their remuneration.




OUR PROMOTERS


1. Mr. Sudeep Malu
2. Mrs. Supriya Malu

Mr Sudeep Malu holds 35,72,456 Equity Shares and Mrs Supriya Malu holds 1092344 Equity Shares of our company and will continue to hold the majority of our post-Offer paid-up share capital, collectively.

1. Mr. Sudeep Malu

	Designation	Managing Director
	Qualification	B Text (Tech.), MIE, Chartered Engineer
	Nationality	Indian
	PAN	ACSPM-7886J
	Voter ID Number	LKD/1749464
	Driving License Number	RJ-06/DLC/07/40082
	Passport Number	F6036378
<p>Mr. Sudeep Malu (48 years), a textile graduate from Technological Institute of Textiles, Bhiwani, passed in the year 1983 India's premier textile institute and also a Chartered Engineer. He has 25 years of experience in the Textile Industry. He started his career with BSL group in the year 1983. He got the opportunity for extensive training during the year 1984 on Sulzer weaving machine in Switzerland. Thereafter, he started his own consultancy for many upcoming weaving units in Bhilwara and surrounding areas. He started providing Project consultancy, Erection & Plant commissioning service, technical training, Staff & worker training for various projects. He carried on with this consultancy work till 1997. In the year 1998, he promoted Sumatex. Presently, he is heading the company with the support of management team consisting of young and experienced, professionals from finance, marketing, production, software and all other related fields.</p>		

2. Mrs. Supriya Malu

	Qualification	Diploma in Fine Art
	Nationality	Indian
	PAN	ABMPM-2904J
	Voter ID Number	LKD/1893692
	Driving License Number	-
	Passport Number	E0480646
<p>Mrs. Supriya Malu (45 years) has done diploma in Fine Arts from Jaipur, Rajasthan in the year 1988 has promoted this company along with her husband Mr. Sudeep Malu.</p>		

Other confirmations

The Permanent Account Number, Bank Account details and Passport Number of our Promoters have been submitted to Bombay Stock Exchange Limited (BSE), on which our Company proposes to list its Equity Shares at the time of filing of this DRHP.



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Our Promoters, Promoter Group and Group Companies have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. None of our Promoters was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Further, our Promoters have not been identified as a wilful defaulter by RBI or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

RELATIONSHIP AMONGST PROMOTERS

Our Promoters are husband and wife.

Interest of Promoters

Our Promoters are interested in the promotion of our Company and are also interested to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. Further, our Promoters, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or committees constituted thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of the Articles.

Our Promoters may be deemed to be interested to the extent of the equity shares held by them, their friends and relatives, and benefits arising from his holding directorship / employment in our Company. They may also be deemed to be interested in the transactions entered into by our Company and the ventures where he is interested as a Promoter, Director or otherwise.

Except as stated hereinabove and as stated in “Related Party Transactions” appearing under section titled “Financial Information” beginning on page 104 of the Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Our Promoters are interested to the extent of rent received by them for the properties owned by the Promoters and given on lease/leave and license to our Company. For further details please refer to the section titled “Property”, beginning on Page [•] and “Related Party Transactions” appearing under section titled “Financial Information” beginning on page 104 of the Draft Red Herring Prospectus.

Further, except as stated in this section and in the chapters titled “Business Overview” and “Our Management” beginning on pages 57 and 82 respectively, and section titled “Financial Statements” beginning on page 104 of the Draft Red Herring Prospectus, our Promoters do not have any interest in any property acquired by our Company within two years of the date of the Draft Red Herring Prospectus.

Payment or Benefit to Promoters

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled “Compensation to Whole-time Directors” on page 86 of this DRHP, there are no payment or benefit to promoters of our Company



Sumatex Limited

Common Pursuits

There are no common pursuits between our company and our group companies / promoter companies.

Group Entities

In addition to the persons named above, the following natural persons, due to their relationship with our promoters, are part of our Promoter Group in terms of Regulation 2(1)(zb) of SEBI, ICDR Regulations, 2009.

In addition to the persons named above, the following natural persons are part of our Promoter Group in terms of Regulation 2(1)(zb) of SEBI ICDR Regulations:

Relatives of the Promoter that form part of the Promoters Group are as under:

Promoter	Name of Relative	Relationship
Mr. Sudeep Malu	Mrs. Supriya Malu	Wife
	Mr. Surbhit Malu	Son
	Ms. Shubhika Malu	Daughter
	Mr. Deep Chand Malu	Father
	Smt. Uma Malu	Mother
	Mr. Pradeep Malu	Brother
	Mrs. Meenu Malu	Brother's Wife

Promoter	Name of Relative	Relationship
Mrs. Supriya Malu	Mr. Sudeep Malu	Husband
	Mr. Surbhit Malu	Son
	Ms. Shubhika Malu	Daughter
	Mr. Mohan Singh Jain	Father
	Mrs. Nirmla Jain	Mother
	Smt. Chameli Bai Sacheti	Mother's Mother
	Mr. Paresh Jain	Brother
	Mrs. Sweta Jain	Brother's Wife
	Mr. Prakash Lunawat	Sister's Husband
	Mrs. Somali Lunawat	Sister
	Mrs. Sunita Khicha	Sister

The following companies are promoted by our Promoters (including companies under the same management pursuant to Section 370 (1B) of the Companies Act) and thus, are our Group Companies

1. RAJ TEX MACHINERY PRIVATE LIMITED

Date of Incorporation	The company was incorporated as Raj Tex Machinery Private Limited on December 30, 2003.
CIN	U29261RJ2003PTC018845
Registered Office	Plot No. 5, Undeveloped Industrial Area , Pur Road , Bhilwara- 311001 , Rajasthan
Nature of Business	At present the Company is engaged, in manufacturing of spares for textile machinery. The manufacturing facility is located at Undeveloped Industrial Area, Pur Road, Bhilwara.



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Board of Directors

Sr. No	Name	Designation
1.	Mr. Deep Chand Malu	Non Executive Director
2.	Mr. Sudeep Malu	Chairman
3.	Mr. Nilesh Bhandari	Executive Director

Shareholding Pattern as on 30th September, 2009

Sr. No.	Name of the Shareholders	No. of Shares Held	%age of Holding
1.	Mr. Deep Chand Malu	5,200	52.00
2.	Mr. Sudeep Malu	4,800	48.00
	TOTAL	10,000	100.00

The brief financials are given below:

Particulars	(Rs in Lacs)		
	31.03.2009 (Audited)	31.03.2008 (Audited)	31.03.2007 (Audited)
Equity Share Capital	1.00	1.00	1.00
Reserves & Surplus	32.01	30.36	28.12
Miscellaneous Expenses	-	0.02	0.05
Sales	120.05	115.96	44.17
Profit / Loss After Tax	1.41	0.82	(1.31)
Share Holders Funds / Net Worth	33.01	31.34	29.07
NAV per share of FV Rs. 10/- each	330.1	313.4	290.7
EPS of FV Rs. 10/- each	14.1	8.2	(13.1)

Other Details:

- The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.
- The Company has made a loss in the financial year 2007.
- There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

2. SULZ FAB PRIVATE LIMITED

Date of Incorporation	The company was incorporated as Sulz Fab Private Limited on July 21, 1994.
CIN	U17124RJ1994PTC008586
Registered Office	A-19, R.K. Colony, Bhilwara- 311001, Rajasthan.
Nature of Business	The company is engaged in the trading of textiles and the facility is located at Bhilwara.



Sumatex Limited

Board of Directors

Sr. No.	Name	Designation
1.	Mrs. Supriya Malu	Chairman
2.	Mr. Surendra Singh Jain	Executive Director

Shareholding Pattern as on 31st March, 2009

Sr. No.	Name of Shareholder	No. of Shares Held	%age of Holding
1.	Mrs. Supriya Malu	9,900	99.00
2.	Mr. Surendra Singh Jain	100	1.00
	TOTAL	10,000	100.00

Brief Financials are given below:

Particulars	(Rs. in Lacs)		
	31.03.2009 (Audited)	31.03.2008 (Audited)	31.03.2007 (Audited)
Share Capital	1.00	1.00	1.00
Profit & Loss A/c	1.49	1.59	1.55
Miscellaneous Exp.	0.20	0.20	0.23
Net Worth	2.20	2.30	2.32
Sales	0.15	18.80	2.22
PAT	0.10	(0.04)	(1.55)
EPS (Rs.)	1.00	(0.48)	(15.5)
NAV Per Share (Rs.)	22.00	23.00	23.20

Other Details:

- The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.
- The company has made a loss in the financial year 2007-08 and 2006-07.
- There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company

Other relevant details about the group companies:

- There are no listed companies in the group.
- There are no sales or purchase between companies in the Promoters' group, wherein such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Issuer Company.

The material items of income or expenditure arising out of transactions in the Promoters' group are disclosed under "Related Party Disclosures" as mentioned under Annexure xv of the Auditors' Report appearing on page no.104 of this DRHP

Dissassociation by Promoters in the last 3 years

Our Promoters have not disassociated themselves from any entity in the last 3 years.



CURRENCY OF PRESENTATION

In this DRHP, unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. Throughout this DRHP, all the figures have been expressed in lacs of Rupees, except when stated otherwise.

In this DRHP, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India; all references to “U.S. Dollars” and “US\$” are to legal currency of the United States.

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



Sumatex Limited

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and such declaration will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

The table below provides the information of dividends declared by the company during the last five fiscals:

Particulars	Period ended 31.10.2009	15 Months ended 30.6.2009	Year ended 31.3.2008	Year ended 31.3.2007	Year ended 31.3.2006	Year ended 31.3.2005
Face Value of Equity Shares (Rs.)	10	10	10	10	10	10
Dividend	0	0	533500	430000	0	0
Dividend Tax	0	0	65941	60308	0	0
Dividend Rate	0	0	10%	10%	0	0

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amount, if any, in the future.



SECTION VII - FINANCIAL STATEMENTS

REPORT OF THE AUDITORS ON FINANCIAL STATEMENT

**The Board of Directors
Sumatex Limited
H-81, RIICO Extension,
Pur Road, Bhilwara
Rajasthan 311001**

Dear Sirs,

We have examined the Financial Information of Sumatex Limited (hereinafter referred to as "The Company") contained in the statement annexed to this report, which have been approved by the board of Directors, proposed to be included in the prospectus in connection with the proposed Initial Public Offer of Equity Shares of the Company.

In term of the requirement of:

- a. Paragraph B (1) of Part –II of schedule to the companies Act, 1956.
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, (SEBI Regulations) and the related clarifications thereto issued by Securities and Exchange Board of India (SEBI), in pursuance of section 11 of Security and Exchange Board of India Act (SEBI), 1992,as amended to date'
- c. The appointment letter dated 19.09.2009, requesting us to issue a report as Statutory Auditors relating to prospectus being issued by the company in connection with the Initial Public Offer of Equity Shares of the company.

Financial information as per audited Financial Statements:

- a. We have examined the accompanying "Statement of adjusted Profits and Losses' (Annexure –I) for the five financial years ended 31st March 2005, 2006 2007, 2008, 15 months ended 30th June.2009 and period ended 31st October 2009 the "statement of adjusted assets and liabilities" (Annexure – II) as on those dates, forming part of "Financial Information" dealt with by this Report. Detailed below. Both read together with the significant accounting policies and notes to accounts (Annexure –III & IV) thereon, which are the responsibility of the company's management, have been extracted from the financial statements for the financial year ended 31st march 2005, 2006, 2007, 2008, and 15 months ended 30th June 2009, and period ended 31st October 2009 audited by us, approved by Board of Directors and adopted by the members in those respective financial years.
- b. We report as under: -
 - i) The statement of adjusted profits and/or losses, and the assets and liabilities of the company as at the end of each of the financial years ended 31st March, 2005, 2006, 2007, 2008, 15 months ended 30 June 2009, and for the period ended 31st October 2009 reflect the profits and losses and assets and liabilities, after making such adjustments, regrouping and disclosures as were, in our opinion, appropriate and required to be made in accordance "the SEBI Regulations".



Sumatex Limited

- ii) In our opinion read with the respective significant accounting policies and subject to read together with the notes thereon and after making such adjustment, regrouping and disclosed as were, in our opinion, appropriate and required the financial information referred to above and the there Financial Information herein below, have been prepared in accordance with Part-II of the schedule II of the Companies Act, 1956, and the SEBI Regulations.

Other Financial Information

We have examined the following other information relating to the Company proposed to be included in the prospectus, extracted from each of the financial years ended 31st March 2005, 2006, 2007, 2008, 15 months ended 30th June 2009, and period ended 31st October 2009 audited by us: -

- i) Statement of cash flow of the company (Annexure –V)
- ii) Detail / Analysis of Outstanding secured & unsecured loans taken by the company (Annexure – VI & VII).
- iii) Statement of Contingent Liabilities (Annexure – VIII).
- iv) Age – wise analysis of sundry debtors and details of loans and advances (Annexure IX & X)
- v) Detail of other income (Annexure XI)
- vi) Statement of dividend paid (Annexure –XII).
- vii) Capitalization Statement (Annexure –XIII)
- viii) Summary of accounting ratio based on adjusted profit relating to the earning per share, net assets value and return on net worth (Annexure XIV)
- ix) Related party transactions (Annexure –XV)
- x) Statement of Tax Shelter (Annexure – XVI)
- xi) Statement of Reserve & Surplus (Annexure-XVII)
- xii) Statement of Deffered Tax Liability (Annexure- XVIII)

This report should not in any way be construed to be a re-issuance or re-dating of any of the previous audit reported issued by us or by the other firm of Chartered Accountants, nor should it be a new opinion on any of the financial statements referred to herein.

Our this report, is being provided solely for the use of SUMATEX LIMITED, for the purpose of its inclusion in the said prospectus in connection with the proposed Initial Public Offer of Equity Shares of the Company.

This report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other then the stated use, except with our written consent in each instance may be given only after full consideration of the circumstances at that time.

For and on Behalf of

R.C. Somani & Associates

Sd
Anil Somani
Proprietor
Membership No. 076704
Bhilwara
Dated: 21.11.2009



Annexure- I

Summary Statement of PROFIT AND LOSS ACCOUNT , AS RESTATED

(Amount In Lacs)

			As on dated 31st March			
Particulars	31st October,09	30th June,09	2008	2007	2006	2005
INCOME						
Sales						
Manufacturing	679.96	1430.23	1301.08	1344.02	684.41	457.62
Trading	0.00	343.83	75.13	22.28	73.40	1.59
Other Income	24.85	35.91	44.95	9.09	1.52	1.47
Increase / (Decrease) in Stock	-47.67	43.07	-14.80	14.62	9.38	-3.50
Total	657.14	1853.04	1406.36	1390.01	768.70	457.18
EXPENDITURE						
Purchase & Direct expenses	452.35	1313.46	990.53	981.30	516.66	261.81
Staff Cost	69.29	206.27	225.25	234.46	161.76	104.25
Administrative & Marketing Exp.	35.11	80.30	74.87	70.15	33.96	46.61
Finance Expenses	25.84	80.52	31.78	23.74	9.80	4.84
Depreciation	23.43	59.07	30.26	24.19	16.01	10.65
Preliminary expenses written off	0.00	0.00	0.01	0.01	0.01	0.01
Balances Written off						
Total Expenditure	606.02	1739.61	1352.70	1333.85	738.19	428.15
Profit before Taxation	51.12	113.43	53.66	56.16	30.51	29.03
Less: Provision for Taxation :						
Current	5.00	9.30	12.48	15.00	5.00	8.81
Deferred	1.20	3.75	3.64	3.92	5.08	2.16
Profit after Taxation	44.91	100.38	37.54	37.24	20.43	18.06



Annexure- II
Summary Statement of Assets & Liabilities are restated

(Amount In Lacs)

Particulars	As on dated 31st March					
	31st october,09	30th June,09	2008	2007	2006	2005
Fixed Assets	1393.28	1326.86	549.74	376.61	271.39	134.95
Less- Accumulated						
Depreciation	200.42	170.69	101.48	71.22	47.22	31.49
Revaluation Reserve	541.55	547.85	0.00	0.00	0.00	0.00
Net Block (A)	651.32	608.32	448.26	305.39	224.17	103.46
Investment (B)	2.84	1.66	0.63	0.13	0.13	0.13
Current Assets, Loans						
& Advances						
Inventories	424.20	377.72	169.76	138.28	20.60	69.64
Sundry Debtors	358.11	200.42	241.95	279.35	193.58	25.63
Loans & Advances	152.13	196.78	96.55	56.09	44.45	10.37
Cash & Bank Balances	56.79	70.64	115.85	41.15	81.97	11.26
Total (C)	991.24	845.55	624.11	514.87	340.60	116.90
Liabilities & Provisions						
Secured Loan	348.36	586.87	310.12	157.33	61.31	11.62
Unsecured Loan	104.00	25.00	52.28	69.96	47.83	27.04
Deffered Tax Liabilities	26.43	25.23	21.48	17.84	13.92	8.83
Current Liabilities	145.06	104.66	52.08	83.58	56.42	33.74
Provisions	62.30	69.85	100.55	114.63	65.56	13.15
Advances from Customer	76.56	52.29	68.47	0.00	47.10	3.20
Security Deposit from Contractor	12.41	34.51	44.51	48.10	49.65	9.75
Total (D)	775.12	898.40	649.48	491.43	341.79	107.33
Net Worth (A+B+C-D)	870.28	557.13	423.52	328.96	223.11	113.17
Represented By						
Share Capital	700.00	64.50	53.35	43.00	33.00	26.55
Share Application Money	0.00	0.00	8.00	48.50	75.00	5.00
Reserve & Surplus	268.31	562.90	362.17	237.47	115.13	81.65
Less- Misc. Exp. not written off	98.03	70.26	0.00	0.01	0.03	0.04
NET WORTH	870.28	557.13	423.52	328.96	223.11	113.17



Annexure – III

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARING FINANCIAL STATEMENTS

The Company prepares its accounts on accrual basis, in accordance with the normally accepted accounting principles and in compliance with the accounting standards referred to in Section 211 (3C) and other requirements of the Companies Act, 1956.

2. FIXED ASSETS

Fixed assets are stated at cost of acquisition inclusive of incidental expenses related to acquisition less accumulated depreciation.

3. DEPRECIATION

Depreciation has been provided on Straight Line Method and rate is taken as per schedule XIV of the Companies Act, 1956.

4. INVENTORIES

Valuation of Inventories: -

Raw materials, tools & spares and stores have been computed on At cost the basis of first in first out method.

Work in progress and Finished Goods have been computed on the Basis of estimated cost of materials, labour, cost of Conversion and other costs incurred for bringing the inventories to their present location and condition.

5. RETIREMENT BENEFITS

Presently no person entitles the benefit under the Payment of Gratuity Act accordingly no provisions have been made. However to determine gratuity liability, the management is in touch with the actuary.

6. PROVISION FOR CURRENT AND DEFERRED TAX

Current tax has been provided as Per the Income Tax Act. The company has, during the year, adopted Accounting Standard 22 "Accounting for taxes on income" issued By the Institute of chartered accountant of India. Deferred tax resulting from timing difference between book & taxable profit has been provided at the tax rates and laws that has been enacted or subsequently enacted as on the Balance sheet date. The deferred Assets are recognized carried forward only to the extent that there is a reasonable/virtual certainty that the assets will be realized in future.

7. MISCELLANEOUS EXPENDITURE TO BE EXTENT NOT WRITTEN OFF

Research & Development Expenditure:

Research & Development Expenses in the nature of revenue expenses are treated as Deferred Revenue expenditure and are amortized over a period of thirty six month from the month when it is incurred on pro-rata basis.

Preliminary Expenses :

Preliminary Expenses which are incurred for raising authorized share capital & amortized over a period of five years.

8. BORROWING COST

All Borrowing costs are charged to revenue



9. GENERAL ACCOUNTING POLICY

- a) Accounts are prepared under the historical cost convention and on the accounting principles of the going concern.
- b) Accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles.
- c) Expenses are accounted on accrual basis.

10. These accounts are from 1st July, 2009 To 31st October, 2009 i.e. for four months only.

Annexure IV

MAJOR NOTES FORMING PART OF THE ACCOUNTS

1. The Company has a system of periodically reconciling outstanding balances of Sundry Debtors, Sundry Creditors, Advances and Deposits; and on such reconciliation outstanding balances of Sundry Debtors, Sundry Creditors, Advances and Deposits; and on such reconciliation the necessary adjustments are made In the accounts. Consequently balances as at the end of the year are as per books of accounts.
2. In the opinion of the Board, current assets, loan and advances have value on realization in the ordinary course of business at least equal to the amount at which they are stated. Managerial remuneration during the period July 01, 2009 to October 31, 2009 is Rs. 9.00 Lacs.
3. **Deferred Tax:**
In accordance with the requirements of Accounting Standard 22 on "Accounting for taxes on Income" issued by Institute of Chartered Accountant of India, the company has given effect to Deferred tax accounting. Break up of deferred tax assets/liabilities for the year ended 31st March, 2009 is under:-

(Rs. In Lacs)		
Particulars	As at 31.3.2009	As at 31.03.2008
<u>Deferred Tax Liability on account of</u>		
1. Depreciation	3.92	5.08
		-
<u>Deferred Tax Assets</u>	-	-
Total	3.92	5.08

4. Statutory Dues :

According to the records of the Company, undisputed statutory dues including provident fund, service tax, cess and other statutory dues have been regularly deposited with the appropriate authorities where applicable. According to the records of the company, there are no cases of non-deposit with the appropriate authorities of disputed dues of Income tax, Wealth Tax, Sales Tax, Custom tax.

**Sumatex Limited****5. Earning Per Share****(Rs. In Lacs)**

Particulars	For the Year ended on	
	31st October,2009	30 th June,2009
Net profit as per Profit & Loss Account	Rs.44.91	100.37
Number of Equity Shares of Rs. 10 each (Weighted)	57.13	37.75
EPS (Rs.)	0.79	2.66

6. Related Party Disclosures:-

Related party disclosures, as required by Accounting Standard-18 on 'Related Party Disclosure' issued by the Institute of Chartered Accountants of India are given below:

- 1) Relationship
(Related parties with whom transaction have taken place during the year)
 - a) Key management personnel and their relatives:
 1. Sudeep Malu - Managing Director
 2. Smt. Supriya Malu - Relative of a Director (was also one of the Directors till 30.10.09)
 3. Sh. Surbhit Malu - Relative of a Director (was also one of the Directors till 30.10.09)
 4. Sh. Sunil Agrawal - Executive Director (Since 30.10.09)
 5. Sh. Prdeep Malu HUF - Relative of Managing Director
 6. M/s Principal Pharmaceuticals Limited - Company belonging to relative of Managing Director
 - b) Other parties where Key Management Personnel and /or their relatives have significant influence:
 1. M/s Sudeep Malu HUF - Relative of a Director
 2. M/s Rajtex Machinery Pvt. Ltd. - One Common Director

- 2) Details relating to person referred to in items 1(a) above:

	Rs. in Lacs
Remuneration	16.40
Interest to M/s Sudeep Malu HUF on Unsecured Loan	0.94
Outstanding Payables	104.00

7. There is a dispute regarding classification and assumption of CPM involving an amount of Rs.2.15 Crore. The matter is in appeal in Tribunal where stay has been granted on Pre deposit of Rs. 20.00 Lacs. This dispute pertains to year 2002 to Year 2005.
8. The company has increased authorized share capital by Rs. 12,00/- Lacs and incurred Exp. of Rs. 18.00/- Lacs for the same and all these expenses are carried forward under the head 'Miscellaneous Expenses' in the balance sheet and shown as a preliminary expenses to the extent not written off and the same shall be charged to profit & loss account as per the accounting policy of the company.
9. Bonus share were issued in the ratio of 5:37. Total bonus shares issued on dated 05.10.2009 were Rs. 499.50 lacs out of by capitalizing free reserve & share premium a/c of the company.



Annexure- V

Statement of Cash Flow as restated :

Particulars	31st October, 2009	30th June, 2009	As on dated 31st March			
			2008	2007	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit/(Loss) before Taxation & extraordinary items	51.12	113.43	53.65	55.39	30.50	29.01
Adjustments for :						
Depreciation	23.43	59.07	30.26	24.19	16.01	10.65
Profit on sale of investment	0.00	0.00	0.00	0.76	0.00	0.00
Net Loss/Profit on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00
Preliminary expenses written off	0.00	0.00	0.01	0.01	0.01	0.01
Operating Profit before Working Capital Changes Adjustment for:	74.55	172.50	83.92	80.35	46.52	39.67
Trade & other receivable	-157.69	41.53	37.40	-85.76	167.95	46.44
Other current assets	49.71	-101.26	-40.96	-11.64	-34.08	-2.45
Inventories	-46.48	-207.96	-31.48	117.68	49.04	-53.02
Trade payables	30.03	-13.60	0.82	7.67	153.90	-66.14
Other current liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash from Operating Activities (A)	-49.88	-108.79	49.70	127.07	47.42	-35.51
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase/Sale of fixed assets (Net)	-66.43	-219.13	-173.13	105.40	136.72	-11.85
Preliminary/ Misc. Expenses Capitalised	-34.02	-70.26	0.01	0.01	0.01	0.01
Investment	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash used in Investing Activities (B)	-100.45	-289.39	-173.12	105.39	136.70	-11.83
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from Unsecured Loans (Net)	79.00	-27.28	-17.68	22.13	20.79	2.22
Proceeds from Bank borrowing (Net)	-238.51	276.75	152.79	96.02	49.69	2.25
*Issue of Equity Shares	426.05	103.50	63.00	73.50	89.50	54.00
Movement in Loans and Advances	0.00	0.00	0.00	0.00	0.00	0.00
*Addition to Reserve from transferor companies	-130.05	0.00	0.00	0.00	0.00	0.00
Net Cash Receipt/ Used in Financing Activities .(C)	136.49	352.97	198.12	191.64	159.99	58.47
Net Increase /Decrease in Cash & Cash Equivalents (A+B+C)	-13.84	-45.21	74.70	-40.81	70.71	11.13
Cash & Cash Equivalents As on beginning of year	70.64	115.85	41.15	81.97	11.26	0.13



Sumatex Limited

Cash & Cash Equivalents As on end of year	56.79	70.64	115.85	41.15	81.97	11.26
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Annexure- VI Schedule of Secured Loan

(Amount In Lacs)

Particulars	31st October, 2009	30th June, 2009	As on 31st March			
			2008	2007	2006	2005
CASH CREDIT						
Bank Of Baroda	149.79	342.67	171.45	145.34	48.61	0.00
Total (A)	149.79	342.67	171.45	145.34	48.61	0.00
TERM LOAN						
Bank Of Baroda	193.64	237.14	120.89	0.00	0.00	0.00
Total (B)	193.64	237.14	120.89	0.00	0.00	0.00
CAR LOAN						
ICICI Bank	4.93	7.06	17.77	11.99	12.70	11.62
Total (C)	4.93	7.06	17.77	11.99	12.70	11.62
TOTAL (A+B+C)	348.36	586.87	310.12	157.33	61.31	11.62

Annexure- VII Schedule of Unsecured Loan

(Amount In Lacs)

Particulars	31st October, 2009	30th June, 2009	As on 31st March			
			2008	2007	2006	2005
Payable to Promoter/ Promoter group Companies *	104.00	0.00	27.28	41.40	22.83	2.04
Payable to Others	0.00	25.00	25.00	28.56	25.00	25.00
Total	104.00	25.00	52.28	69.96	47.83	27.04
* Promoters/Promoter Group Co. consists of : Rajtex Machinery Pvt. Ltd.	29.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00



Annexure- VIII
Schedule of Contingent Liability, Restated

(Amount In Lacs)

Particulars	As on 31st March					
	31st October,09	30th June,2009	2008	2007	2006	2005
Excise duty	215.00	215.00	0.00	0.00	0.00	0.00
Total	215.00	215.00	0.00	0.00	0.00	0.00

Annexure- IX
Schedule of Debtors, as restated

(Amount In Lacs)

Particulars				As on 31st March			
Sundry Debtors		31st October, 2009	30th June, 2009	2008	2007	2006	2005
More Than Six Months	Considered goods						
	Receivable from Promoters/Promoters Group Co.	0.00	0.00	0.00	0.00	0.00	0.00
	Receivable From Others	33.97	14.86	16.26	6.31	5.31	4.12
	Less- Provisions	0.00	0.00	0.00	0.00	0.00	0.00
	Total (A)	33.97	14.86	16.26	6.31	5.31	4.12
More Than Six Months	Considered goods						
	Receivable from Promoters/Promoters Group Co.	0.00	0.00	0.00	0.00	0.00	0.00
	Receivable From Others	324.14	185.56	225.69	273.04	188.27	21.51
	Less- Provisions	0.00	0.00	0.00	0.00	0.00	0.00
	Total (B)	324.14	185.56	225.69	273.04	188.27	21.51
	Total (A+ B)	358.11	200.42	241.95	279.35	193.58	25.63



Sumatex Limited

Note: * Parties as indentified by the Management & relied upon by the Auditors

Annexure- X Schedule of Loans & Advances , As restated

(Amount In Lacs)

Particulars	31st October, 2009	30th June, 2009	As on 31st March			
			2008	2007	2006	2005
Receivable from Promoter/ Promoter group Companies *	0.00	16.16	0.00	0.00	23.41	0.00
Receivable from other Body Corporate	0.00	85.93	20.71	5.00	0.00	0.00
Advance tax including TDS & refund receivable	5.79	10.41	13.57	16.08	5.14	9.13
Advances recoverable in cash or in kind or for value to be received	111.75	36.69	29.58	11.60	13.50	0.00
Deposits/ Others	34.59	47.60	32.69	23.41	2.40	1.24
Total	152.13	196.78	96.55	56.09	44.45	10.37
* Promoters/Promoter Group Co. consists of :						
Rajtex Machinery Pvt. Ltd.	0.00	0.00	0.00	0.00	18.00	0.00
Sulz Fab Pvt. Ltd.	0.00	0.00	0.00	0.00	5.41	0.00
Total	0.00	0.00	0.00	0.00	23.41	0.00

Note: * Parties as indentified by the Management & relied upon by the Auditors

Annexure- XI Schedule of Other Income, Restated

(Amount In Lacs)

Particulars	31st October, 2009	30th June, 2009	For the year ended 31st March			
			2008	2007	2006	2005
Recurring						
Maintaince Job Receipts	0.00	0.00	0.00	3.73	0.92	0.42
Other Miscellaneous Income	0.66	9.34	22.99	4.60	0.60	1.04



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Fabric Job Income	24.19	26.58	14.65	0.00	0.00	0.00
Non- Recurring						
Profit On sale of Fixed Assets	0.00	0.00	0.00	0.76	0.00	0.00
Income from Key Man Policy	0.00	0.00	7.32	0.00	0.00	0.00
Total	24.85	35.91	44.95	9.09	1.52	1.47

Note:

1. Details of other income are as per the summary statement of Profit and Loss, as restated
2. The classification of other income by the management into recurring and non-recurring is based on the current operations and business activities of the company.

Annexure- XII Statement of Dividend

(Amount In Lacs)

Particulars	31st October, 2009	30th June, 2009	For the Year Ended 31 st March			
			2008	2007	2006	2005
Equity Shares						
Number of shares (in Lacs)	70.00	5.74	5.34	4.30	3.30	2.66
Face Value (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Paid-up value (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of dividend	0	0	10%	10%	0	0
Total Dividend	0.0	0.0	5.3	4.3	0.0	0.0
Corporate dividend tax on above	0.0	0.0	0.7	0.6	0.0	0.0

Annexure- XIII Statement of Capitalisation

(Amount In Lacs)

Particulars	Pre issue as at 31st October, 2009	Adjusted for present issue
Borrowing		
Short Term Debts	525.64	*
Long Term Debts	223.05	*
Total Debts	748.69	*
Shareholders Fund		
Share Capital	700.00	*
Reserve & Surplus	268.31	*
Less- Misc. Expenses not written off	104.28	*
Total Share Holders's Funds	864.03	*
Long Term debts/Equity ratio	0.26:1	*
Total debts/ Equity ratio	0.87:1	



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Note : Shareholders fund post issue can be calculated only on the conclusion of the Book Building process.

Annexure- XIV Significant Accounting Ratio

Particulars		(Amount In Lacs)					
		31st October, 2009	30th June,09	As on dated 31st March			
		2008	2007	2006	2005		
Net Worth as per Balance Sheet	A	870.28	557.13	423.52	328.96	223.11	113.17
Profit After Tax as per Balance Sheet	B	44.91	100.38	37.54	37.24	20.43	18.06
No. of shares outstanding at the year/ period end as per Balance Sheet	C	2005000	533500	430000	330000	265500	214500
Bonus Shares - October 05, 2009 adjusted for earlier period	D	4995000	3947900	3182000	2442000	1964700	1587300
No. of shares outstanding at the year/ period end as per Balance Sheet (Post Bonus issue)	E= C+D	7000000	4481400	3612000	2772000	2230200	1801800
Weighted average number of shares outstanding during the year	F	717602	449431	447689	388904	295022	217853
Bonus Shares October 05, 2009 adjusted for earlier period	G	4995000	3325789	3312899	2877890	2183163	1612112
Weighted average number of shares outstanding during the year (Post Bonus Issue)	H=F+G	5712602	3775220	3760588	3266794	2478185	1829965
Adjusted Earning Per Share (Basic) (Rs.)	B/H	0.79	2.66	1.00	1.14	0.82	0.99
Adjusted Earning Per Share (Basic) (Rs.)(Annualized)		2.36	2.13	NA	NA	NA	NA
NET ASSETS VALUE (NAV) (Rs.)	A / E	12.43	12.43	11.73	11.87	10.00	6.28
RETURN ON NET WORTH (%)	B / A	5.16	18.02	8.86	11.32	9.16	15.96

1. The ratio have been computed as per the following formula:

- Earning per equity share:- (Profit after tax/Weighted average number of Equity Share).
- Net Assets Value: (Net Worth at the end of the year/Weighted average number of Equity shares)
- Return on Net Worth:- (Profit after tax/Net Worth at the end of the year)

- The weighted average number of Equity shares is the number of Equity Shares outstanding at the beginning of the year, adjusted by the number of Equity share issued during the year multiplied by the time- weighting factor. The time- weighting factor is number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.
- Net Profit, as restated and appearing in the statement of Profit and Losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the company.



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4. Earning per share calculations have been done in accordance with accounting standard- 20 "Earning per share" issued by the Institute of Chartered accountants of india.
5. Net Worth means Equity Share Capital+ Reserves & Surplus (excluding asset revulation reserve)- Misc. Expenditure not written off or adjusted.

Annexure- XV Transaction with Related Parties

(Amount In Lacs)			
Particulars	Financial Year/Period	Related Parties Amount	Related Name
Trading of Goods	July,09 To October,09	0.00	M/s Rajtex Machinery Pvt. Ltd. M/s Rajtex Machinery Pvt. Ltd. M/s Rajtex Machinery Pvt. Ltd.
	2008-09 (April,08 To June,09)	124.54	
	2007-08	110.20	
	2006-07	46.70	
	2005-06	0.00	
	2004-05	0.00	
		0.00	
Purchase of Fixed Assets	July,09 To October,09	0.00	M/s Rajtex Machinery Pvt. Ltd. M/s Sulz Fab Pvt. Ltd.
	2008-09 (April,08 To June,09)	0.00	
	2007-08	0.00	
	2006-07	18.00	
		5.41	
	2005-06	0.00	
	2004-05	0.00	
Director Salary	July,09 To October,09	9.00	Sh. Sudeep Malu Smt. Supriya Malu Sh. Sunil Agarwal Sh. Sudeep Malu Smt. Supriya Malu Sh. Sudeep Malu Smt. Supriya Malu Sh. Sudeep Malu Smt. Supriya Malu Sh. Sudeep Malu Smt. Supriya Malu Sh. Sudeep Malu Smt. Supriya Malu
		6.00	
		1.40	
	2008-09 (April,08 To June,09)	22.56	
		7.56	
	2007-08	18.00	
		6.00	
	2006-07	9.00	
		3.00	
	2005-06	9.00	
		3.00	
	2004-05	8.70	
		2.80	
		0.00	
Interest on Unsecured	July,09 To October,09	0.94	M/s Sudeep Malu HUF



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Loan	2008-09 (April,08 To June,09)	0.18	Sh. Sudeep Malu
		4.69	M/s Sudeep Malu HUF
	2007-08	3.01	Sh. Sudeep Malu
		3.74	M/s Sudeep Malu HUF
	2006-07	3.93	Sh. Sudeep Malu
		3.75	M/s Sudeep Malu HUF
	2005-06	0.00	Sh. Sudeep Malu
Interest Received on Advances		3.00	M/s Sudeep Malu HUF
	2004-05	0.52	Sh. Sudeep Malu
		2.47	M/s Sudeep Malu HUF
	2008-09 (April,08 To June,09)	1.41	M/s Pradeep Malu HUF
	2007-08	1.01	M/s Pradeep Malu HUF
	2006-07	0.42	M/s Pradeep Malu HUF
Unsecured Loan	July,09 To October,09	29.00	M/s Sudeep Malu HUF
		75.00	Sh. Sudeep Malu
	2008-09 (April,08 To June,09)	25.00	M/s Sudeep Malu HUF
	2007-08	27.28	Sh. Sudeep Malu
		25.00	M/s Sudeep Malu HUF
	2006-07	41.40	Sh. Sudeep Malu
		28.56	M/s Sudeep Malu HUF
	2005-06	22.83	Sh. Sudeep Malu
		25.00	M/s Sudeep Malu HUF
	2004-05	2.04	Sh. Sudeep Malu
Loans and Advances		25.00	M/s Sudeep Malu HUF
	2008-09 (April 08 to June 09)	59.72	M/s Principal Pharmaceuticals Limited
		10.84	M/s Pradeep Malu HUF
	2007-08	14.50	M/s Principal Pharmaceuticals Limited
		9.42	M/s Pradeep Malu HUF
	2006-07	5.00	M/s Principal Pharmaceuticals Limited
		8.42	M/s Pradeep Malu HUF

Note : Related Party relationships are indentified by the company based on available information & relied upon by the Auditors.

Annexure- XVI

Statement of Tax shelter

(As per return of income filed for the respective assessment years)

(Amount In Lacs)

Particulars	30th June, 2009	For the Year ended 31st March			
		2008	2007	2006	2005
Profit before current and deferred taxes, as restated (A)	83.67	55.23	56.16	30.51	29.03
Adjustments :					
Permanent Differences					
Dividend	0.00	0.00	0.00	0.00	0.00



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Net Disallowable/ (Allowable) expenses	-51.24	0.91	1.80	2.15	2.84
Loss/ (Profit) on sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00
Profit on sale of investments	0.00	0.00	0.00	0.00	0.00
Interest Received	0.00	0.00	0.00	0.00	0.00
Total (B)	-51.24	0.91	1.80	2.15	2.84
Temporary Differences					
Difference between amount allowable under IT and the books of accounts:	-6.72	-16.50	-11.48	-17.96	-7.74
On account of preliminary expenses	0.00	0.00	0.00	0.00	0.00
Total .(C)	-6.72	-16.50	-11.48	-17.96	-7.74
Business Profit / Loss					
D = A+B+C	25.71	39.64	46.49	14.69	24.13
Capital Gains	0.00	0.00	0.00	0.00	0.00
Less : Long term Capital Gain - exempt	0.00	0.00	0.00	0.00	0.00
Net Capital Gain Taxable (E)	0.00	0.00	0.00	0.00	0.00
Income from other sources (F)	0.00	0.00	0.00	0.00	0.00
TOTAL INCOME G (D+E+F)	25.71	39.64	46.49	14.69	24.13
Set-off of brought forward unabsorbed loss/ depreciation (H)	0.00	0.00	0.00	0.00	0.00
Texable Profit (I=G-H)	25.71	39.64	46.49	14.69	24.13
Tax Liability on I above or on Book Profit u/s 11 JB	7.95	12.25	15.65	4.95	8.83
Tax as per P/L A/c	8.30	12.48	15.00	5.00	8.80
Adjusted Tax Provision	-0.35	-0.23	0.65	-0.05	0.03

Note:

The above information is provided on the basis of the Income Tax Return filed by the company for the respective Assessment Years.

Annexure- XVII

Schedule of Reserve & Surplus, Restated

(Amount In Lacs)

Particulars	31st October, 2009	30th June, 2009	As on 31st March			
			2008	2007	2006	2005
Profit & Loss (Accumulated)	135.31	220.45	120.07	88.52	56.18	35.75
Share Premium	133.00	342.45	242.10	148.95	58.95	45.90
Revulation Reserve	541.55	547.85	0.00	0.00	0.00	0.00
Total	809.86	1110.74	362.17	237.47	115.13	81.65



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Annexure- XVIII

Statement of Deffered Tax Liabilities / Assets, Restated

(Amount in Lacs)

			As on dated 31st March			
	31st October, 2009	30th June, 2009				
Particulars			2008	2007	2006	2005
Dffered Tax Liabilities	26.43	25.23	21.48	17.84	13.92	8.83
Total	26.43	25.23	21.48	17.84	13.92	8.83



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this DRHP. The following discussion relates to our company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards referred to in section 211(3C) of the Companies Act and other applicable provisions of the Companies Act.

Our year ends on March 31st of each year, so all references to a particular 31st March are to the twelve months period ended March 31st of that year except in case of financial year 2008-09 where it ends on June 30th (15 months period).

Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be "Forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in government regulations, tax laws and other statutes and incidental factors.

Overview

Sumatex is the manufacturer of Computerized Pattern Maker in India. Computerized Pattern Makers (For SELVEDGES, JACQUARD DESIGN) are used by the weaving industry for making names and styles (branding) on various purposes fabric and fabric selvedges. As of now more than 9000 installations in different versions and models and more than 300 satisfied customers all over India speaks for our products and services. Our eminent client includes Rainbow Weavers, Raymond's Ltd., Reliance Industries Ltd., Grasim Industries (BTM) Ltd., OCM India Ltd., Birla VXL Ltd., Sutlej Industries Ltd., BSL Ltd., Suzuki Textile Ltd., RSWM Ltd, and Arvind Mills Ltd. etc.

The manufacturing facilities are located at Bhilwara (Rajasthan - India) and have unique R & D, and Software development set-up under one roof. We are an ISO-9001: 2000 company and being the benchmark manufacturer in TUFs category under the Govt. of India's TUFs scheme.

We believe in innovations and improvisations. We always try to make our products better and better according to customers' need and technology developments. We keep our product upgraded and believe learning is a never-ending process so we always adapt and incorporate changes according to the new developments in technology and materials in our product to get the best possible finishing results for our clients with the purpose of customizing cost-effective solutions for the specific requirements of varied industries.

Unique Product Line

Sumatex is the only manufacturer of computerised pattern maker in India and playing a major role in Indian textile industry by providing import substitute products to textile industry. Company is providing cost effective product with world class technology.

Our Quality Policy

Sumatex is committed to ensure that standards are maintained and improved throughout every field of Company activity. To ensure quality and consistency across the whole range of products, we at Sumatex supply goods manufactured to the highest possible standards. We achieve this by adhering to ISO-9001 guidelines. To achieve customer satisfaction by providing products and services that surpass their expectation based on agreed specifications.



Growth Through Innovation

At Sumatex innovation is continuous process and we believe in developing high quality computerized pattern maker / Electronic Jacquard Machine to grab the huge market potential.

Continue to maintain high standards of quality

We believe that the products we manufacture are generally of a high quality and that we enjoy a reputation for developing high quality products. We plan to continue to maintain high standards with respect to latest micro processed based technology, high quality components, user friendly software, purchasing supplies, hiring employees, being transparent in our dealings and delivering our products on time. We believe that taking these steps will enable us to maintain our reputation, which in turn will contribute to the growth of the Company.

Customized Product / Service

At Sumatex, we believe that every customer had different type of requirement, and we provide customized services or products like customize the software according to customers need, customized our machines according to customers need.

Factors that may affect Results of Operation

Our business, results of Operations and financial condition are affected by a number of factors, including:

- General Economic Conditions
- Increasing competition in the industry
- Changes in laws & regulations applicable to the industry, fiscal, economic or political conditions in the country
- Realisability of the dues from the clients
- Frequent fluctuations of the cost of IT and related resources

Significant Accounting Policies

Accounts are prepared under the historical cost convention and on the accounting principles of the going concern.

- Accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles.
- Fixed assets are stated at cost of acquisition inclusive of incidental expenses related to acquisition less accumulated depreciation.
- Depreciation has been provided on Straight Line Method.
- Investment was made in national saving certificate thus it valued at cost only and the same is pledged with sale tax depart.
- Raw materials have been computed on at cost the basis of first in first out method and finished goods have been computed on the basis of estimated cost of materials, Labour, cost of conversion and other costs incurred for bringing the inventories to their present location and condition.
- Expenses are accounted on accrual basis.
- Research & Development Expenditure: Research & Development Expenses in the nature of revenue expenses are treated as Deferred Revenue expenditure and are amortized over a period of thirty six month from the month when it is incurred on pro-rata basis
- Preliminary Expenses : Preliminary Expenses which are incurred for raising authorized share capital & amortized over a period of five years



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- No person entitles the benefit under the payment of gratuity act accordingly no provisions has been made
- Accounting for taxes on income: - Current tax has been provided as per the Income Tax Act. The company has during the year adopted accounting standard 22 "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India. Deferred tax resulting from timing difference between book & taxable profit has been provided at the tax rates and laws that has been enacted or subsequently enacted as on the Balance sheet date. The deferred assets are recognized carried forward only to the extent that there is a reasonable/virtual certainty that the assets will be realized in future

Our Results of Operation

The table below sets forth various items from our Company's restated financial information for fifteen months period ended June, 2009 and the financial year ended March 2008, March 2007 and March 2006 :

Particulars	For the Financial Years Ended			
	30.6.2009	31.3.2008	31.3.2007	31.3.2006
I. Income				
Income from Operations	1774.06	1376.21	1366.30	757.81
Other Income	35.91	44.95	9.09	1.52
Total Revenue (A)	1809.98	1421.16	1375.39	759.33
II. Expenditure				
Cost of Goods Sold	1270.39	1005.33	966.68	507.28
Employee Cost	206.27	225.25	234.46	161.76
Administrative & Selling Expenses	78.85	73.31	68.77	33.18
Interest & Other Financial Expenses	80.52	31.78	23.74	9.80
Depreciation	59.07	30.26	24.19	16.01
Total Expenditure (B)	1695.10	1365.94	1317.84	728.02
III. Profit before Taxation (A) - (B)	114.88	55.23	57.55	31.30
Less: Provision for taxation				
-Current	9.30	12.48	15.00	5.00
-Deferred	3.75	3.64	3.92	5.08
Fringe benefit tax	0.90	1.15	1.16	0.77
Tax Provision for Earlier Years	0.54	0.41	0.23	0.02
IV. Profit After Taxation (C)	100.38	37.54	37.24	20.43
Surplus/(Deficit) brought forward from the Previous year	-	-	-	-
V. Profit available for appropriation	100.38	37.54	37.24	20.43
Utilized towards Capital Restructuring				



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Transfer to Capital Redemption Reserve	-			
VI. Adjusted Available Surplus/(Deficit) carried forward	100.38	37.54	37.24	20.43

Comparisons

Results for the Financial Year ended 30th June 2009 as compared to the results for the year ended 31st March 2008 – It is also noted that financial year ended 30th June 2009 is for fifteen month instead of twelve month.

Income from Operation

Our total income increased by 27.36% from Rs.1421.16 Lacs in 31st March 2008 to Rs.1809.97 Lacs in 30th June, 2009. Total sales went up by 26.73% from Rs. 1376.21 Lacs to Rs. 1744.06 Lacs on account of robust demand.

Expenditure

Total expenditure other than depreciation was at Rs. 1636.03 Lacs as against Rs. 1335.67 Lacs in previous Year i.e. an increase of 22.48% on account of increase in the marketing and research and development expenditure.

Cost of Goods Sold

The cost of goods sold increased to Rs. 1270.39 Lacs in Financial Year 2009 from Rs. 1005.30 Lacs in Financial Year 2008 Showing an increase of 26.37% . This expenditure as percentage to total expenditure has increase from a level of 74.94 % in the previous year to 73.35% due to increase in marketing & Research & Development exp.

Administration and Selling Expenses

Administration and selling Expenses had gone up by 7.56% from Rs. 78.85 Lacs from Rs. 73.31 Lacs in the previous year due to increase in Research & Development exp.

Employees Cost

Employment cost had shown a decrement of 26.20% this year. However personnel expenses as a percentage of total expenditure were at a lower level of 12.17% as compared to 16.49 % in the previous year due to efficient manpower management.

Interest & Finance Expenses:

Financial Expenses had increased to Rs. 80.52 Lacs in FY 2009 from Rs. 31.78 Lacs In the previous financial year that is an increase of 153.37% due to increase in working capital & capital expansion.

Depreciation

Depreciation for the year was at Rs. 59.07 Lacs as against Rs. 30.26 Lacs for the year ended 30th June, 2009. Depreciation charges as a percentage of income were 3.26% in FY 2009 and 2.13 % in FY 2008. The increase depreciation during the year was due to addition of Plant & Machinery.

Taxes

In FY 2009 the company has provided for Rs. 9.30 Lacs as against an amount of Rs. 12.48 Lacs that was provided in the FY 2008. With respect to the deferred Tax as against a sum of Rs.3.75 Lacs was provided for in FY 2009.

PAT

PAT increased from Rs. 37.54 Lacs to Rs. 100.38 Lacs in the year ended 30th June 2009 registering a increase of 167.39% due to better performance.



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Results for the Financial Year ended 31st March 2008 as compared to the results for the year ended 31st March 2007

Income from Operations

Our total income increased by 3.22% from Rs.1375.39 Lacs in 31st March 2007 to Rs.1421.16 Lacs in 31st March 2008. Total sales went up by 0.72% from Rs. 1366.30 Lacs to Rs. 1376.21 Lacs. This is because of surrender of key man policy which was earlier taken in name of the company and income from this includes Rs.22.98 Lacs.

Expenditure

Total expenditure other than depreciation was at Rs. 1335.67 Lacs as against Rs. 1293.64 Lacs in previous Year i.e. an increase of 3.14% due to increase in administrative and selling expenses.

Cost of Goods Sold

The cost of goods sold increased to Rs. 1005.30 Lacs in Financial Year 2008 from Rs. 966.67 Lacs in Financial Year 2007 Showing an increase of 3.84% .This expenditure as percentage to total expenditure has increased from a level of 73.35 % in the previous year to 73.60% due to increase in financial and market promotion expenses.

Administration and Selling Expenses

Administration and selling Expenses had gone up by 6.60% from Rs. 73.31 Lacs from Rs. 68.77 Lacs in the previous year due to fixed expenses allocation overall.

Employees Cost

Employment cost had shown decrement of 3.93% this year. However personnel expenses as a percentage of total expenditure were at a lower level of 16.49% as compared to 17.79 % in the previous year due to efficient manpower management.

Interest & Finance Expenses:

Financial Expenses had increased to Rs. 31.78 Lacs in FY 2008 from Rs. 23.73 Lacs In the previous financial year that is an increase of 33.92% due to increase in working capital.

Depreciation

Depreciation for the year was at Rs. 30.26 Lacs as against Rs. 24.18 Lacs for the year ended 31st March 2008. Depreciation charges as a percentage of income were 2.13% in FY 2008 and 1.76 % in FY 2007. The increase depreciation during the year was due to addition of Plant & Machinery.

Taxes

In FY 2008 the company has provided for Rs. 12.48 Lacs as against an amount of Rs. 15.00 Lacs that was provided in the FY 2007. With respect to the deferred Tax as against a sum of Rs.3.63 Lacs was provided for in FY 2008.

PAT

PAT increased from Rs. 37.23 Lacs to Rs. 37.54 Lacs in the year ended 31st March 2008 registering an increase of 0.82% in the normal course of business.

Results for the Financial Year ended 31st March 2007 as compared to the results for the year ended 31st March 2006

Income from Operations

Our total income increased by 81.13% from Rs.759.33 Lacs in 31st March 2006 to Rs.1375.38 Lacs in 31st March 2007. Total sales went up by 80.29% from Rs. 757.81 Lacs to Rs. 1366.30 Lacs due to robust demand.



Expenditure

Total expenditure other than depreciation was at Rs. 1293.64 Lacs as against Rs. 712 Lacs in previous Year i.e. an increase that is an increase of 75.42% due to increase in employee cost.

Cost of Goods Sold

The cost of goods sold increased to Rs 966.67 Lacs in Financial Year 2007 from Rs. 507.28 Lacs in Financial Year 2006 showing an increase of 90.56%. This expenditure as a percentage to total expenditure has increased from a level of 73.35 % in the previous year to 69.68% due to increase in employee and administrative expenses.

Administration and Selling Expenses

Administration and selling Expenses had gone up by 107.28% from Rs.687.73 from Rs. 331.78 Lacs in the previous year due to increase in professional expenses.

Employees Cost

Employment cost had shown an increment of 44.94 % this year. However personnel expenses as a percentage of total expenditure were at a lower level of 17.79 % as compared to 22.22% in the previous Year due to increase in manpower costing.

Interest & Finance Expenses:

Financial Expenses had increased to Rs. 23.73 Lacs. In FY 2007 from Rs. 9.79 Lacs In the previous financial year that is an increase of 142.39% due to increase in working capital.

Depreciation

Depreciation for the year was at Rs.24.19 Lacs as against Rs.16 Lacs for the year ended 31st March 2007. Depreciation charges as a percentage of income were 1.76% in FY 2007 and 2.11% in FY 2006.

Taxes

In FY 2007 the company has provided for Rs. 15.00 Lacs as against an amount of Rs. 5.00 Lacs that was provided in the FY 2006. With respect to the deferred Tax as against a sum of Rs.3.92 Lacs was provided for in FY 2007.

PAT

PAT increased from Rs. 20.43 Lacs to Rs. 37.23 Lacs in the year ended 31st March 2007 registering a increase of 82.23% due to better sales promotion.

Information required as per Schedule VIII Part A (IX) (E)(5) of the SEBI ICDR

(a) Unusual or infrequent events or transactions.

There are no such unusual or infrequent events or transactions.

(b) Significant economic changes that materially affected or are likely to affect income from continuing operations.

Not Applicable

(c) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue, or income from continuing operations.

There are no adverse or known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue, or income from continuing operations.

(d) Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.

At Sumatex we use high quality standard material and there is no chance to change the material, we can cut cost by increasing in production & sales.



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- (e) **Extent to which material increases in net sales or revenue is due to increased sales volume, introduction of new products or services or increased sales prices.**

Not Applicable

- (f) **Total turnover of each major Industry segment in which our Company operated.**

In this particular segment of computerized pattern maker (electronic jacquard) Sumatex is the only manufacturer in India and rest companies are non-Indian.

- (g) **Status of any publicly announced new products or business segment.**

At present company is manufacturing computerized pattern maker, which is used by weaving industry for making selvedge patterns for branding. Company will publicly announce new product after implementation of new project.

- (h) **The extent to which the business is seasonal.**

The Demand and use of Company's products are on regular basis.

- (i) **Any significant dependence on a single or few suppliers or customers.**

Company is not depending on a single or few suppliers or customers. At present Sumatex has more than 300 clients with 9000+ installation.

- (j) **Competitive Conditions.**

Due to globalization every firm is facing cut throat competition. It also influences the Indian textile industry. Indian Textile Engineering companies are facing competition from Chinese & European companies & used machine suppliers. Sumatex has plan of expansion to meet the challenges in current business scenario. Sumatex has planned to modernize its infrastructure & R&D facilities to beat the competitor. At present there is a very big potential in overseas market but there is a very high competition to introduce a new product. Sumatex has planned to establish a better marketing setup across & outside India. At present cost of product is very important factor for this Sumatex manufacture quality & cost effective products to grab the potential business.

Sumatex has not only beaten the competitors but also grabbed the potential market. Sumatex is the only manufacturer of Electronic Jacquards Machine / Computerized Pattern Makers Machine in India the rest competitors are Chinese and European companies. Due to high quality standards & better after sales & service, nation wide network Sumatex defeat all the competitors and maintain the market in favour. In a competitive milieu, success would depend on quality, price, delivery schedules and marketing. Sumatex's machines are cheaper than others.



SECTION VIII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as disclosed below:

- there are no defaults, non-payments or overdue amounts with respect to statutory dues, institutional or bank dues or amounts due to holders of debentures, bonds and fixed deposits and arrears of preference shares;
- No disciplinary action has been taken by SEBI or any stock exchanges against the Company or its Directors or its Promoter Group Companies;
- There are no outstanding litigations, suits or criminal or civil prosecutions, proceedings or tax liability against the Company, its Directors, Promoters and Promoter Group, that would have an adverse effect on our business as of the date of the DRHP.

None of the Companies or persons referred in the paragraph above are on the list of the wilful defaulters of RBI.

1. CASES INVOLVING THE COMPANY

1.1 Filed Against the Company

1.1.1 Labour Case

One Mr. Prem Sukh Aatmj has in March, 2008 filed an application, (Case No. 10 of 2008), before the Commissioner, Labour Court, Bhilwara under Workmen's Compensation Act, 1923 for claiming an aggregate amount of Rs. 4,75,649/- as compensation. It is alleged in the application that the said Mr. Prem Sukh has sustained physical injuries while doing the work of cleaning in the premises of the Company. The matter is pending hearing and final disposal.

1.2 Cases Filed By the Company

1.2.1 Entry Tax case

The Commercial Tax Officer, Anti- Evasion, Bhilwara had by an order dated 12.06.2006 directed the Company, under the provisions of Rajasthan Tax on Entry of Goods into Local Areas Act, 1999 ("the said Act"), to make payment of Rs. 15,63,556/- as Entry Tax for the assessment year 2005-06. An appeal has been filed by the Company before the Dy. Commissioner (Appeals), Commercial Taxes Dept, Udaipur on 28.06.2007 challenging the said order dated 12.06.2006. The Hon'ble High Court of Rajasthan, Jodhpur has by an order dated 21.08.2007 in the case of M/s. Dinesh Pouches Ltd. v State of Rajasthan declared the said Act to be ultra vires the Constitution of India and hence invalid. The State of Rajasthan had preferred an appeal by way of special leave petition before the Hon'ble Supreme Court which vide its interim order dated 12.10.2007 clarified that the order passed in the Dinesh Pouches Ltd.'s case was to operate in respect of the tax payer who move the High Court. Consequently, the Commissioner, CTO issued notice dated 26.10.2007 to the Company demanding payment of entry tax from all taxpayers other than M/s. Dinesh Pouches Ltd. The Company has filed writ petition, being W.P. No. 4808 of 2008, before the High Court of Rajasthan, Jodhpur against the State of Rajasthan, Secretary of Finance (Tax) challenging the vires of the said Act as also against the Commissioner's notice dated 26.10.2007. The Hon'ble High Court



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has on 15.07.2009 by an interim order stayed the recovery under the said Act from the Company. The matter is pending hearing and final disposal.

1.2.2 Central Excise Cases

- 1.2.2.1 The Dy. Commissioner, Central Excise Division, Bhilwara had issued show cause notices bearing C.No. V(15)5/AE/BHL/05/5818 and V(15)5/AE/BHL/05/5819 both dated 26.08.2005 to the Company and its Managing Director, Mr. Supdeep Malu respectively alleging non-payment of excise tax on manufacture of certain machinery by the Company. On 1.01.2006, the said Dy. Commissioner passed an Order in Original No. 79/05-06 imposing a penalty of Rs. 10,000/- on the Company and a fine of Rs. 20,000/- in lieu of confiscated machines manufactured by the Company. By the said order a penalty of Rs. 10,000/- was also imposed on the Company's Managing Director, Mr. Sudeep Malu. The said order dated 1.01.2006 was upheld by the Commissioner (Appeals II), Custom & Central Excise, Jaipur by Order in Appeal No. 387-388(HKS)CE/JPR-II/2006 dated 28.06.2006. Thereafter, the Company has filed an appeal, being Appeal No. 3385-86 of 2006, before the Customs, Excise & Service Tax Appellate Tribunal, Principal Bench, New Delhi ("CESTAT") challenging the said order of the Commissioner (Appeals II), Custom & Central Excise, Jaipur. CESTAT by an order dated 14.12.2006 granted stay on recovery of the penalty amounts and waiver of pre-deposit of penalty amounts involved in the appeal which was further extended by its order dated 9.07.2007. The matter is pending hearing and final disposal.
- 1.2.2.2 Show cause notices bearing C.No. V(55)15/Adj-II/262/07/6282 and C.No. V(55)15/Adj-II/262/07/6283 both dated 29.08.2007 were issued by the Commissioner, Central Excise Commissionerate, Jaipur – II to the Company and its Managing Director, Mr. Sudeep Malu respectively for manufacturing certain machinery allegedly with the intent to evade excise tax to which detailed replies were sent by the Company and its Director. After examining the issue, the said Commissioner by an Order in Original No. 39/2008/CE/JP-II dated 16.09.2008 directed the Company to make payment of excise duty togetherwith interest thereon and further penalty of an amount equal to excise duty payable. The said Commissioner has also in addition to the above, imposed a monetary penalty of Rs. 9 lakhs on the Company's Managing Director, Mr. Malu. The Company has filed an appeal, being Appeal No. 2605-06 of 2008 against the said order dated 16.09.2008 before the CESTAT. By an order dated 10.02.2009, the CESTAT had granted interim stay on the recovery of the disputed amount subject to payment of the pre-deposit amount of Rs. 20 lakhs within ten weeks therefrom. The Company has on 20.04.2009 deposited the said amount of Rs. 20 lakhs. The aggregate financial implication in the matter is 2.15 crores as disclosed in the Company's Audited Balance Sheet as on June 30, 2009.

1.2.3 Civil Case

The Company has in August 2008 instituted a recovery suit (No. 258 of 2008) against M/s. L.D. Suitings before the District Court, Bhilwara for recovery of an amount of Rs. 3,87,000/- being the consideration payable by M/s. L.D. Suitings for the sale of textile machinery to them by the Company. The said L.D. Suitings has filed a counter-claim of Rs. 1,00,000/- in the matter. The matter is pending hearing and final disposal.

1.2.4 Cases under the Negotiable Instruments Act, 1881

Simultaneous to the civil suit No.258 of 2008, 8 cases have been filed by the Company under Section 138 of the Negotiable Instruments Act against M/s. L.D. Suitings in respect of certain dishonoured cheques. The matters are pending before the Magistrate Court, Bhilwara. The aggregate claim in these matters is Rs. 3,20,000/-.



2. CASES INVOLVING THE DIRECTORS OF THE COMPANY

2.1 Cases filed against the Directors

There are no cases filed against the Directors

2.2 Cases filed by the Directors

2.2.1 Central Excise Cases

2.2.1.1 Appeal No. 3385-86 of 2006 filed before CESTAT. For further details of this case, please refer to para 1.2.2.1 above under the head “Central Excise Cases” under the captioned title “Cases filed by our Company” on page [●] of the DRHP.

2.2.1.2 Appeal No. 2605-06 of 2008 filed before CESTAT. For further details of this case, please refer to para 1.2.2.2 above under the head “Central Excise Cases” under the captioned title “Cases filed by our Company” on page [●] of the DRHP.

3. CASES INVOLVING THE GROUP COMPANIES

There are no cases pending against the Group Companies.

MATERIAL DEVELOPMENTS SINCE THE LAST AUDITED BALANCE SHEET

To our knowledge no circumstance, other than those disclosed in this draft Prospectus, have arisen since the date of the last financial statements contained in this draft Prospectus which materially affect or are likely to affect the trading and profitability of the Company, or the value of its assets or the ability to pay its material liabilities within the next 12 months.

Amounts due to Small Scale Undertakings and Other Creditors

There is no amount outstanding for more than 30 days to small scale and ancillary industrial undertaking provided in the Small Scale and Ancillary, Industrial Undertaking Act, 1992. The information regarding Small Scale Industrial Undertakings have been determined to the extent such parties have been identified on the basis of information available with our Company.



GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no other material approvals are required by the Company for carrying on its present business activities. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further material approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Sr. No.	Issuing Authority	Registration/ License No.	Nature of Registration/License	Date of registration and period of validity if any
1.	Registrar of Companies, Rajasthan, Jaipur	17-014593 of 1997-98	Certificate of Incorporation of Sumatex Services Private Limited	23 rd January, 1998
2.	Registrar of Companies, Rajasthan, Jaipur	CIN: U29262RJ1998PLC014593	Certificate of change of Name from Sumatex Services Private Limited to Sumatex Services Limited	20 th July, 2007
3.	Registrar of Companies, Rajasthan, Jaipur	CIN: U29262RJ1998PLC014593	Certificate of change of Name from Sumatex Services Limited to Sumatex Limited	13 th August, 2007
4	Ministry of Textiles	2(65)/2006-07/PDC/35	Approval for manufacturing Jacquard	05 th April, 2007
5	Sales Tax Department	TIN NO.08371004590 RST/0610/04647 CST/0610/04647	Registration under Rajasthan Sales Tax Act	October 01, 1998
6.	Director of Income Tax, Government of India	AAFCS0342F	Permanent Account Number of Sumatex Limited.	23 rd January, 1998
7.	Income Tax Department	JDSH02916E	TAN Number of Sumatex Limited	--
8.	Deputy Commissioner of Central Excise	AAFCS0342FXM001	Central Excise Registration Certificate	7 th March, 2007
9.	Chief Inspector of Factories and Boilers	RJ21687-39440	Registration and License to work a Factory	28 th Sept. 2007; Valid upto 31/03/2010
10.	Office of Jt. Director General of Foreign Trade	1302005251	Certificate of Import Export Code	21 st August,



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	Ministry of Commerce			2001
11.	District Industries Centre Bhilwara	17/06/12207/PMT/SSI	Certificate of Registration for Textile Machinery, Repairing and Servicing and Pattern Makers Machineries	13 th April, 2005
12.	Ministry of Commerce & Industry, Secretariat for Industrial Assistance Public Relation and Complaints Section	3709/SIA/IMO/2007	SIA Registration	31 st December 2007
13.	Inspector under Rajasthan Shop and Establishment Act	S/12012	Registration under Rajasthan Shop and Establishment Act	24 th July, 1999
14.	Superintendent Central Excise Range II, Bhilwara (Rajasthan)	AAFCS0342FST001	Form ST-2 Certificate of registration for payment of service tax on services of Goods Transport Operators.	12 th September, 2005
15.	Office of the Regional Provident Fund Commissioner, Jaipur	RJ/12180	Registration under Employees Provident Fund and Misc. Provisions Act, 1952/Allotment of PF number	22 nd May, 2001
16.	Office of the Employees State Insurance Corporation, Jaipur	15/15941/15	Registration under Employee State Insurance Act/Allotment of ESIC number	14 th September, 2000
17.	QMS Certification Services Pvt. Ltd.	Approval No. 1/05009	Certificate for ISO 9001: 2000	(Original certification date: 21 st February, 2005) Existing Certification valid from 22 nd February, 2008 to 22 nd February, 2011
18.	Rajasthan State Pollution Control Board	RPCB/RO BHL/POB-109/2285	Consent to establish industrial plant under Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974	24/09/2005
19.	EEPC India, Ministry of Commerce and Industry	EPC/D/RMC-12823/ENGG.(SSI)	Registration cum membership Certificate	Renewed at 16/11/2009 and valid up to 31/03/2014
20.	Federation Of Indian Export Organisation, Ministry of Commerce	FIEO/NR/9414/2007-2008/79	Registration cum Membership Certificate	Renewed at 11/11/2009 and valid up to 31/03/2010



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Pending Approvals:

Sr. No.	Issuing Authority	Registration/ License No.	Nature of Registration/License	Date of Application
1	Registrar of Trademarks, Mumbai.	Artistic Work No. 1317287 in class 07	For registration of the label of the company	26 th October, 2004

Investment Approvals

As per notification number bearing FEMA/20/2000-RB dated May 3, 2000, as amended from time to time, under automatic route of the Reserve Bank, our Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity shares to NRIs/FIIs shall be subject to the prevailing RBI Guidelines.

**SECTION IX - REGULATORY AND STATUTORY DISCLOSURES****Authority for the Issue**

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on August 08, 2009 subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act. The shareholders of our Company authorized and approved this Issue under section 81(1A) of the Act by a Special Resolution at EGM held on September 2, 2009.

Prohibition by SEBI

Our Company, our Directors, our Promoters, Group Companies and the companies with which our Directors are associated as directors or promoters (other than as disclosed in the DRHP) have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Association of Directors with the securities market

None of our Directors are associated with securities markets in any manner, nor has SEBI initiated any action against them.

Prohibition by RBI

Our Company, our Directors, our Subsidiary, our Promoters, Promoter Group, Group Companies and the companies with which our Directors are associated as directors or promoters (other than as disclosed in the DRHP), relatives (as per Companies Act) of Promoters have not been declared as wilful defaulters by the RBI or any other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

Compliance with accounting norms

Our Company confirms and undertakes that it shall comply with such disclosures and accounting norms specified by SEBI from time to time.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 26 of the SEBI (ICDR) Requirement 2009, which states as follows:

(26)(1) An Issuer may make an initial public offering if

(a) The company has net tangible assets of at least Rs. 3 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project ;

The net tangible assets and Monetary assets of the company for the last 3 years are as follows:

Particulars	(Rs,in Lakhs)		
	Year ended March 31,		15 months ended
	2007	2008	June 30 th , 2009
Fixed Assets (Net)	305.39	448.26	608.32



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Current Assets, Loans & Advances	514.87	624.11	845.55
Investments	0.13	0.63	1.66
Less: Current Liabilities & provisions	265.60	261.30	296.33
Net Tangible Assets*	554.79	811.70	1159.21
Monetary Assets**	41.15	115.85	70.64

*Net tangible assets is defined as the sum of fixed assets (excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)

** Monetary assets include cash in hand and bank.as per the Auditor's Report dated November 21, 2009 pertaining to the initial public offer of Equity Shares by the company.

(b) The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years; Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act, 1956;

The distributable profit of the company for last 5 years is as follows:

(Rs,in Lakhs)					15 months ended June 30 th , 2009
Particulars	Year ended March 31, 2005	2006	2007	2008	2009
Distributable Profits	35.75	56.18	88.52	120.07	220.45

(c) The company has a net worth of at least Rs. 1 crore in each of the preceding 3 full years (of 12 months each);

The net worth of the company for last 3 years is as follows:

(Rs,in Lakhs)				15 months ended June 30 th , 2009
Particulars	Year ended March 31, 2007	2008	2009	2009
Networth of the company	328.96	423.52	557.13	557.13

(d) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue networth as per the audited balance sheet of the preceding financial year.)

The details of the issue size are as follows:

(Rs,in Lakhs)		15 months ended June 30 th , 2009
Particulars		2009
Networth of the company		557.13

The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size

[•]



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The Company is not eligible for the Issue in accordance with Regulation 26(1) of the SEBI (ICDR) Regulations since our proposed issue size would exceed five times the pre-issue net worth as per the audited accounts for the preceding financial year i.e. 15 months ended June 30, 2009.

(e) In case the company has changed its name within the last one year, atleast 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name.

The company has not changed its name within the last one year.

Therefore our Company is eligible to make the Issue in accordance with Regulation 26(2) of the SEBI Regulations as explained below:

“An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:

(a) (i) The issue is made through the book-building process and the issuer undertakes to allot atleast fifty per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers. Or

(ii) at least 15% of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than 10% shall come from the appraisers and the issuer undertakes to allot at least ten per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers.

(b) (i) The minimum post-issue face value capital of the issuer is Rs.10 crores (Rs.100 million).or

(ii) the issuer undertakes to provide market-making for at least 2 years from the date of listing of the specified securities, subject to the following:

(A) the market makers offer to buy and sell quotes for a minimum depth of 300 specified securities and ensure that the bid-ask spread for their quotes does not, at any time, exceed 10%;

(B) the inventory of the market makers, as on the date of allotment of the specified securities, shall be at least 5% of the proposed issue.”

The Company is an unlisted company not complying with the conditions specified in Regulation 26(1) of the SEBI (ICDR) Regulations and is, therefore, required to meet both the conditions detailed in Regulation 26(2) of the SEBI (ICDR) Regulations 2009.

- The Company will comply with Regulation 26(2)(a)(i) of the SEBI (ICDR) Regulations 2009 and at least 50% of the Net Issue is proposed to be allotted to QIBs and in the event the Company fails to do so, the full subscription monies shall be refunded to the Bidders.
- The Company will comply with the Regulation 43(2) of the SEBI (ICDR) Regulations 2009; accordingly, not less than 15% and 35% of the Net Issue shall be available for allocation to Non- Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received
- The Company will comply with Regulation 26(2)(b)(i) of the SEBI (ICDR) Regulations 2009 and the post-Issue capital of the Company shall be [●] which is more than the minimum requirement of Rs.10 Crores (Rs.100 million).

Further, in accordance with Regulation 26(4) of the SEBI (ICDR) Regulations 2009, the Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted in the Issue shall not be less than 1,000, failing which the entire application monies will be refunded forthwith. In case of



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delay as specified herein, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Accordingly, the Company is eligible for the Issue under Regulation 26(2) of the SEBI (ICDR) Regulations 2009.

Compliance with Part A of Schedule VIII of the SEBI Regulations

The Company is in compliance with the provisions specified in Part A of Schedule VIII of the SEBI Regulations. No exemption from eligibility norms has been sought under regulation 109 of the SEBI Regulations, with respect to the Offer. Further, our Company has not been formed by the conversion of a partnership firm into a company.

DISCLAIMER CLAUSES

SEBI DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, ASHIKA CAPITAL LIMITED AND CO-LEAD MERCHANT BANKER BOB CAPITAL MARKETS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FORMAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, ASHIKA CAPITAL LIMITED AND CO-LEAD MERCHANT BANKER BOB CAPITAL MARKETS LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 07, 2009 AND DECEMBER 07, 2009 RESPECTIVELY WHICH READS AS FOLLOWS:

WE, THE LEAD MERCHANT BANKER / CO-LEAD MERCHANT BANKER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:



(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS/DRAFT PROSPECTUS.

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS



PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME; WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE DRHP.



Caution - Disclaimer statement from the company BRLM and Co-BRLM:

Our company, the BRLM and Co-BRLM accept no responsibility for statements made otherwise than in the offer document or in the advertisement or any other material issued by or at the instance of the issuer and that anyone placing reliance on any other source of information including website of the company sumatex.com, would be doing so at his own risk.

The Book Running Lead Manager and Co-Book Running Lead Manager accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the Book Running Lead Manager, Co-Book Running Lead Manager and our Company and the Underwriting Agreement to be entered into between the Underwriter and our Company.

All information shall be made available by the Company, the BRLM and the Co-BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither the Company nor the Syndicate Members are liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This DRHP does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this DRHP comes is required to inform himself or herself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Bhilwara only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the DRHP has been filed with SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this DRHP may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this DRHP nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.



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The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Disclaimer Clause of BSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to BSE. The Disclaimer Clause as intimated by BSE to the Company, post scrutiny of this DRHP, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to NSE. The Disclaimer Clause as intimated by NSE to the Company, post scrutiny of this DRHP, shall be included in the Red Herring Prospectus prior to the RoC filing.

FILING

A copy of the DRHP has been filed with the Regional Office of SEBI at:

SEBI Western Regional Office,
Unit No: 002, Ground Floor,
SAKAR I, Near Gandhigram Railway Station,
Opposite Nehru Bridge, Ashram Road,
Ahmedabad – 380 009.

A copy of the Red Herring Prospectus, along with the documents required to be filed under 60B of the Companies Act would be delivered for registration to the

Registrar of Companies,
Corporate Bhawan, G/6-7, Second Floor,
Residency Area, Civil Lines,
Jaipur – 302 001

A copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

LISTING

Application has been made to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, for permission to deal in and for an official quotation of the Equity Shares to be issued under the present public offer pursuant to this document.

Bombay Stock Exchange Limited shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non Institutional and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Bombay Stock Exchange and National Stock Exchange, we shall forthwith repay, without interest, all moneys



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received from the applicants in pursuance of this DRHP. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 7 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and all our directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within seven working days of finalization of Basis of Allotment for the Issue.

CONSENTS

Necessary Consents for the issue have been obtained from the following:

1. Directors of our Company
2. Promoters of our Company
3. No Objection from Bankers to our Company
4. Auditors to our Company
5. Book Running Lead Manager to the Issue
6. Co-Book Running Lead Manager
7. Syndicate Members
8. Legal Advisor to the Issue
9. Registrar to the Issue
10. Company Secretary & Compliance Officer
11. Bankers to the Issue
12. Underwriters to Issue

The said consents would be filed along with a copy of the DRHP with the Registrar of Companies, Corporate Bhawan, G/6-7, Second Floor, Residency Area, Civil Lines, Jaipur – 302 001., as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the DRHP, for registration with the RoC.

M/s. R.C. Somani & Associates, Chartered Accountants, have given their respective written consents to the inclusion of their report in the form and context in which it appears in this DRHP and such consents and reports have not been withdrawn up to the time of delivery of this DRHP for registration with the RoC.

M/s. R.C. Somani & Associates, Chartered Accountants, have given their written consents to the tax benefits accruing to our Company and its members in the form and context in which it appears in this DRHP and have not withdrawn such consent up to the time of delivery of this DRHP for registration with the RoC

EXPERT OPINION

Except as stated elsewhere in this DRHP, our Company has not obtained any expert opinions.

Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. in Lakhs)

Sr. No	Particulars	Amount	% of total Issue Expenses	% of total Issue size
a	BRLM/Co-BRLM fees, Underwriting & Brokerage	[•]	[•]	[•]



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Sr. No	Particulars	Amount	% of total Issue Expenses	% of total Issue size
b	Registrars fees including postage	[•]	[•]	[•]
c	Legal Advisor's fees	[•]	[•]	[•]
d	Bankers to the Issue	[•]	[•]	[•]
e	Stock Exchange fees for providing bidding terminals	[•]	[•]	[•]
f	SEBI fees on filing of Offer Document	[•]	[•]	[•]
g	Printing & Distribution of Stationary	[•]	[•]	[•]
h	Advertisement and Marketing expenses			
i	Other Miscellaneous expenses (Auditors fees, Listing Fees, etc)	[•]	[•]	[•]
	Total	[•]	[•]	[•]

Previous Rights and Public Issues

The company has not made any previous rights and public issues in India or abroad in the five years preceeding the date of this DRHP

Previous issues of shares otherwise than for Cash

Except as stated in the section titled "Capital Structure" on page [•] of this DRHP, the company has not made any previous issues of shares for consideration otherwise than for cash.

Underwriting Commission, brokerage, and selling commission on Previous Issues

Since this is the Initial Public Offer of the company no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any our equity shares since our inception.

FEES PAYABLE TO THE BRLM, BROKERAGE AND SELLING COMMISSION

The total fees payable to the BRLM including underwriting & brokerage if any for the Issue will be as per the Memorandum of Understanding executed between our Company and the BRLM dated November 2, 2009, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

FEES PAYABLE TO THE Co BRLM, BROKERAGE AND SELLING COMMISSION

The total fees payable to the Co BRLM including underwriting & brokerage if any for the Issue will be as per the Memorandum of Understanding executed between our Company and the Co-BRLM dated December 05, 2009, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue, Adroit Corporate Services Pvt. Ltd., will be as per the Memorandum of Understanding executed between our Company and the Registrar dated September 29th, 2009 a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.



Companies under Same Management

No company under the same management (within the meaning of section 370(1)(B) of the Companies Act) as us has made any capital issue during the last three years.

Performance V/s Objectives

The Company has not undertaken any previous public or rights issue. None of the Group Entities, associates and Subsidiaries of the Company are listed on any stock exchange.

Outstanding Debentures or Bond Issue or Preference Shares:

Our Company has no outstanding debentures or bond issue or redeemable preference shares.

Stock Market Data for Our Company's Equity Shares

This being an Initial Public Offering of our company, the equity shares of our company are not listed on any Stock Exchange.

MECHANISM FOR REDRESSAL OF INVESTOR'S GRIEVANCES

The agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least six months from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

DISPOSAL OF INVESTOR'S GRIEVANCES AND REDRESSAL MECHANISM

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances within seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

The Company has also appointed Ms. Neha Jain, Company Secretary of our Company as the Compliance Officer for this Issue and she may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

Sumatex Limited

H 81, RIICO Industrial Area
Pur Road, Bhilwara – 311 001.
Tel No: (01482) 260693,
Fax No. (01482) 260575
Email: complianceofficer@sumatex.in

CHANGES IN AUDITORS DURING THE LAST THREE YEARS

There is no change in Auditors of the company in last three.



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CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS:

Our company has issued 49,95,000 Equity Shares in the ratio of thirty seven Equity Shares of Rs. 10 each for every five shares held by way of Bonus by capitalization of free reserves on 5th October, 2009 . Except mentioned above no shares were issued for consideration other than cash.

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS:

In the financial year 2008-09 company has revalued its land and building to reflect the fair market value whose details are as under:

Sr. No.	Location	Date of acquisition of property	Date of Valuation	Re-valued Amount (Rs. In Lakhs)
1.	Factory Building on Plot No. Spl-1, RIICO Industrial Area, Billa 1 st and 2 nd Phase, Bhilwara	23.08.2005	13.11.2008	359.00
2.	Factory Building on Plot No. F-77A, H-79, H-80, H-81, E-1-81(A), RIICO Industrial Area, Billa Extension., IV Phase 1 st and 2 nd Phase, Bhilwara	10.4.2006 30.3.2002 30.3.2002 11.5.1998 10.4.2006	13.11.2008	349.00

Note: No shares have been issued from the revaluation reserve.

To reflect the fair value of its assets, our company has revalued its property comprising of land and building during the year 2008-09. The revaluation of the land and building has been done on basis of Valuation Certificate issued by Mr. S. K. Bhandari, Chartered Engineer and Approved Valuer vide certificates dated 13th November, 2008. Cost of above property as at March 31, 2008 after depreciation is Rs. 152.04 Lakhs.



SECTION X - OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this DRHP, Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of this Issue and to the extent applicable.

Authority for the Issue

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on August 08, 2009 subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act. The shareholders of our Company authorized and approved this Issue under section 81(1A) of the Act by a Special Resolution at EGM held on September 2, 2009.

Ranking of Equity Shares:

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of our Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of Allotment. See the section titled "Main Provisions of the Articles of Association of our Company" beginning on page no. [•] of this DRHP for a description of the Articles of Association.

Mode of Payment of Dividend:

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash and as per provisions of the Companies Act.

Face Value and Issue Price:

The Equity Shares with a face value of Rs. 10 each are being issued in terms of this DRHP at a price of Rs. [•] per share. The Floor Price is Rs. [•] and the Cap Price is Rs. [•] per Equity Share. The issue price will be determined by our Company in consultation with the BRLMs and Co BRLMs on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders:

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of the Company.



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For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Main Provisions of the Articles of Association of the Company" beginning on page no. [•] of this DRHP.

Market Lot and Trading Lot:

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI Regulations,, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of (1) Equity Share subject to a minimum allotment of [•] Equity Shares to the successful bidders.

Nomination Facility to the Investor:

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted transferred, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office/ Corporate Office of our company or to the registrar and transfer agents of our company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

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

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription:

If our Company does not receive the minimum subscription of 90% of the Net Issue to the Public including devolvement of underwriters, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, after the issuer becomes liable to pay the amount we and every director of our Company who is an officer in default, shall pay the amount with interest as per Section 73 of the Companies Act. If the number of Allottees in the proposed Issue is less than 1,000 Allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after we become liable to pay the amount, we shall pay interest at the rate of 15% per annum for the delayed period.



Arrangements for Disposal of Odd Lots:

Since, our Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of Equity Share and on their consolidation/ splitting except as provided in our Articles. See the section titled —Main Provisions of the Articles of Association beginning on page [•].

New financial instruments

There are no new financial instruments such as deep discounted bonds, debentures, warrants, secured premium notes etc. issued by our Company.

Option to receive securities in Dematerialised Form

Allotment to all successful Bidders will only be in dematerialised form. Bidders will not have the option of receiving Allotment of the Equity Shares in physical form.



ISSUE STRUCTURE

This Issue is being made through a 100% Book Building Process. The Issue comprises of 70,00,000 equity shares of Rs. 10/- each for cash at a price of Rs. [●] per equity share including a share premium of Rs. [●] per equity share, aggregating to Rs. [●] lakhs (hereinafter referred to as the "Issue"). The net issue would constitute [●] % of the fully diluted post issue paid-up capital of our company. The details of the issue structure are as follows:

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares *	Not less than 35,00,000 Equity Shares of Rs 10 each at a price of Rs. [●] aggregating to Rs [●] Lakhs	Not less than 10,50,000 Equity Shares of Rs 10 each at a price of Rs [●] aggregating to Rs [●] Lakhs	Not less than 24,50,000 Equity Shares of Rs 10 each at a price of Rs [●] aggregating to Rs [●] Lakhs
Percentage of Issue Size available for allocation	Not less than 50% of the Net Issue or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders. However, 5% of the QIB portion shall be available for allocation proportionately to Mutual funds only. Mutual Funds participating in the 5% reservation in the QIB portion will also be eligible for allocation in the remaining QIB portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: a. Equity Shares shall be allocated on proportionate basis to Mutual Funds in the Mutual Fund portion; b. Equity Shares shall be allocated on proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 1,00,000.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 1,00,000.	[●] Equity Shares
Maximum Bid	Such number of Equity shares in multiples of [●] equity shares so that the bid does not exceed the	Such number of Equity shares in multiples of [●] equity shares so that the bid does not exceed the	Such number of Equity Shares in multiples of [●] equity shares so that the Bid amount does not



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	Net issue subject to regulations as applicable to the Bidder	Net issue subject to regulations as applicable to the Bidder	exceed Rs. 1,00,000/-
Mode of Allotment	Dematerialized mode	Dematerialized mode	Dematerialized mode
Trading Lot/Market lot	One (1) Equity Share	One (1) Equity Share	One (1) Equity Share
Who can apply **	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lakhs and pension funds with minimum corpus of Rs. 2500 Lakhs, National Investment Fund set up by Resolution F.NO. 2/3/2005 DD 11 DATED Nov.23,2005 in accordance with applicable law.	Companies, Corporate Bodies, Scientific Institutions, Societies, Trusts, Resident Indian individuals, HUF (in the name of Karta), and NRIs (applying for an amount exceeding Rs. 1,00,000/-)	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000 in value.
Terms of payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application form to the members of the syndicate.	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application form to the members of the syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application form to the members of the syndicate or the ASBA Form to the SCSB.***
Margin Amount	At least 10% of the Bid amount in respect of bids placed by QIB bidder on bidding	Full amount on bidding	Full amount on bidding



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*** Subject to valid bids being received at or above the Issue Price.** Under-subscription if any, in any category, except the QIB portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of the company, in consultation with the BRLM Co BRLM and the Designated Stock Exchange subject to applicable provisions of SEBI (ICDR) Regulations, 2009. If atleast 50% of the Issue is not allocated to QIBs, the entire subscription money shall be refunded forthwith. Allocation to all categories shall be made on a proportionate basis.

****In case the Bid Cum Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form or ASBA Form.**

***** Resident Retail Individual Investor is also eligible to apply through ASBA process, for details please refer Section "ASBA Process" on page no. [•] of this DRHP. Change as applicable and checked for consistent defined terms.**

Note:

Equity Shares being offered through this DRHP can be applied for in dematerialized form only.

Withdrawal of the Issue:

Our Company, in consultation with the BRLM and Co BRLM reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason therefore.

Bid/Issue Programme:

BID/ISSUE OPENS ON	[•]
BID/ISSUE CLOSES ON	[•]

The Company may consider participation by Anchor Investors in terms of the SEBI (ICDR) Regulations, 2009. The Anchor Investor Bid/ Issue Period shall be one day prior to the Bid/ Issue Opening Date.

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times mentioned in the Red Herring Prospectus are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs, Co BRLM, Syndicate Members and the SCSB will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).



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The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations, provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the BRLMs, Co BRLMs and at the terminals of the Syndicate.



ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% book building method where in not less than 50% of the Net Issue to Public shall be allocated on a proportionate basis to Qualified Institutional Buyers with 5 % of compulsory allocation to mutual funds only and the remainder of the Qualified Institutional Buyers portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid being received at or above the issue price. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. ASBA investors intending to subscribe to the issue shall submit a complete ASBA form to the designated branch of the SCSB. We, in consultation with the BRLM and the Co-BRLM, reserve the right to reject any Bid procured by any or all members of the Syndicate without assigning any reasons therefore in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, we would have a right to reject the Bids only on technical grounds.

We, in consultation with the BRLM and Co BRLM would have proportionately allocate to QIBs based on a number of criteria, which will typically include, but would not be limited to, the following: prior commitment, investor quality, price, earliness of bid, existing and continued shareholding of QIBs during the period prior to the Bid Opening Date and until the date of pricing.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this DRHP. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this DRHP and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Indian Nationals or NRIs applying on a non-repatriation basis	White
NRIs or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
ASBA Form	White



Who Can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Equity shares;
- Indian mutual funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI Regulations, as applicable);
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs.2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs.2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and bilateral development financial institutions;
- National Investment Fund set up by resolution F.No. 2/3/2005-DD-11 dated November 23, 2005 of Government of India.
- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.
- Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;
- Eligible employees

As per existing regulations, OCBs are prohibited from investing in this Issue.

Note: The BRLM, Co BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations if any. However, associates and affiliates of BRLM, Co BRLM and Syndicate Member may subscribe for equity shares in the issue, including the QIBs and Non-Institutional portion where the allocation is on proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Bidders are advised to provide bank account details in the space provided in the application form and applications that do not contain such details liable to be rejected.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected inter-alia on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of Partnership firms, the shares may be registered in the name of individual partners and no



firm as such shall be entitled to apply.

4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. Bids for lower number of Equity Shares than specified for that category of investors;
6. Bids at a price less than the lower end of the Price Band;
7. Bids at a price more than the higher end of the Price Band;
8. Bids at cut-off price by Non-Institutional and QIB Bidders;
9. Bids for number of Equity Shares, which are not in multiples of [●];
10. Category not ticked;
11. Multiple bids as defined in this DRHP;
12. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Bids accompanied by Stock invest/money order/ postal order/ cash;
14. Bids not duly signed by the sole/joint Bidders;
15. Bid-cum-Application Form does not have the stamp of the Syndicate Member;
16. Bid-cum-Application Form does not have Bidder's depository account details;
17. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this DRHP and as per the instructions in this DRHP and the Bid-cum-Application Form; or
18. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at [●] of this DRHP.
19. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
20. Bids by OCBs;
21. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance Regulation S under the Securities Act; and
22. Bids by NRIs not disclosing their residential status;
23. If GIR number is mentioned instead of PAN number.
24. Bids through ASBA Process by Non-Institutional and QIB Bidders.

Bids by Mutual Funds

No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office, members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color). All instruments accompanying bids shall be payable in Mumbai only.



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In accordance with the SEBI (ICDR) Regulations, 2009, Non-Residents cannot subscribe to this Issue under ASBA process.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of our post-issue paid-up capital. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity

Bids by SEBI registered VCF and FVCI:

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the investment by any VCF or FVCI should not exceed the prescribed investment limit as the case may be.

The SEBI has issued a press release on 26 June, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the DRHP with the SEBI.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids by non-residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.

Bids and Revision to Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allocation; by FIIs or Foreign Venture



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Capital Fund and Bilateral Development Financial Institution for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page no. [●] of this DRHP.

- In the names of individuals, or in the names of FIIs or in the names of Foreign Venture Capital Funds, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by ASBA Investor

For ASBA Process, please refer section "ASBA Process" on page no. [●] of this DRHP

The above information is given for the benefit of the Bidders. The Company the BRLMs and Co BRLMs are not liable for any amendments or modifications or changes in the applicable laws or regulations, which may occur after the date of this DRHP. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

For Retail Bidders: The Bid must be for minimum [●] number of Equity Shares and in multiples of [●] Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000 In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Others (Non-Institutional Bidders and QIBs) Bidders: The Bid must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount payable by the Bidder exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the net Issue to the public. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1, 00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1, 00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this DRHP.

Information for the Bidders



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- a) The Company will file the RHP with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- b) The Price Band shall be advertised at least one day prior to the Bid Opening Date/Issue Opening Date. With regard to the Price Band, the Bidders can be guided by the secondary market prices of the Equity Shares.
- c) The members of the Syndicate will circulate copies of the RHP along with the Bid-cum-Application Form to their potential investors.
- d) Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this DRHP along with the Bid-cum- Application Form can obtain the same from the registered office of the Company or from the BRLM, Co-BRLM or from a member of the Syndicate.
- e) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of a member of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of a member of the Syndicate, will be rejected.

Method and Process of bidding

- 1. We, with the BRLM and Co BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the RHP filed with RoC and publish the same and the Price Band in two national newspapers (one each in English and Hindi) and a regional newspaper (Hindi) and on websites of BRLM, Co-BRLM Company as appearing on the cover page. This advertisement, subject to the provisions of Section 66 of the Companies Act and shall be in the format prescribed in Schedule XIII of SEBI (ICDR) Regulations 2009. The BRLMs, the Co-BRLMs and the members of the Syndicate shall accept Bids from the Bidders during the Issue Period.
- 2. Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.
- 3. The Bidding Period shall be a minimum of 3 working (three) days and not exceed 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper and on websites of BRLM, Co-BRLM and Company, as appearing on the cover page and the Bidding Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding Period not exceeding ten working days.
- 4. During the Bidding Period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- 5. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 273 of this DRHP) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
- 6. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the Section 'Issue procedure beginning' on page no 268 of this DRHP.
- 7. The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form.
- 8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the 'Issue procedure beginning' on page [•] of the DRHP.



Bids at Different Price Levels

1. The Price Band shall be advertised at least one day prior to the Bid Opening Date/ Issue Opening Date in an English language newspaper with wide circulation, a Hindi language newspaper with wide circulation and also on the websites of the BRLM, Co BRLM and the Company, as appearing on the cover page. Bidders are advised to be guided by the price of our listed Equity Shares in the secondary market for the purposes of making a decision to invest in the Equity Shares offered as part of this Issue. The Bidders can bid at any price within the Price Band, in multiples of [●] shares
2. In accordance with SEBI (ICDR) Regulations 2009, our company, in consultation with the BRLM and Co BRLM can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three additional days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this DRHP.
3. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Hindi) and also indicating the change on the relevant websites of the BRLM, the Co BRLM, the Company and the terminals of the members of the Syndicate.
4. We, in consultation with the BRLM, and the Co BRLM can finalise the Offer Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 1,00,000 may bid at “Cut-off”. However, bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**
6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders, who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 of the bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.1, 00,000, the Bid will be considered for allocation under the Non-Institutional category in terms of this DRHP. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs. 5,000 to Rs.7, 000. The Company in consultation with the BRLM shall accordingly stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range.
10. Revision option is not available for ASBA applicant. Please refer section “ASBA Process” on page no. [●] of this DRHP.



Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum of Rs. 1, 00,000.
- (d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Application in the Issue

Equity Shares being issued through this DRHP can be applied for in the dematerialized form only.

Escrow Mechanism

1. The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the DRHP and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payment of refund to the Bidders shall also be made from the Escrow Agreement and this DRHP.

2. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Company, the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

For ASBA Process, please refer section "ASBA Process" on page no. [●] of this DRHP

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder, who shall provide the applicable Margin Amount, with the submission of the Bid-cum-Application Form draw a cheque, demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on page no. [●] of this DRHP) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.



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The members of the Syndicate shall deposit the cheques or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account, lying credited with Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date, and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Each category of Bidders (i.e. QIBs, Non Institutional Bidders, Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Money payable by each category of Bidders is mentioned under the heading "Issue Procedure" on page[.] of this DRHP. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date which shall be a minimum period of two (2) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs and the Co BRLMs.

If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had applied for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which the Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

For ASBA Process, please refer section "ASBA Process" on page no. [.] of this DRHP.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of BSE. There will be on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- (b) BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on an half hourly basis. On the Bid Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for bids registered on the electronic facilities of BSE will be downloaded on a half hourly basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the bid cum application form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.)
 - Investor Category –Individual, Corporate, NRI, FII, or Mutual Fund, etc.
 - Numbers of Equity Shares bid for.
 - Bid price.



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- Bid-cum-Application Form number.
 - Whether Margin Amount is made upon submission of Bid-cum-Application Form.
 - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the members of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) The BRLM, CO BRLM / member of the Syndicate also have the right to accept the Bid or reject it without assigning any reason, in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page no. [•] in this DRHP.
- (h) It is to be distinctly understood that the permission given by BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, BRLM and Co BRLM are cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.
- (i) It is also to be distinctly understood that the approval given by BSE should not in any way be deemed or construed that this DRHP has been cleared or approved by BSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this DRHP; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE.
- (j) For ASBA Process, please refer section "ASBA Process" on page no. [•] of this DRHP.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE mainframe on a regular basis.
- (b) The book gets build up at various price levels. This information will be available with the BRLM and Co BRLM on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time



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of refund in accordance with the terms of the RHP.

- (f) In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- (g) QIB Bidders shall not be allowed to withdraw their bids after the closure of the Issue.
- (h) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.
- (i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (j) In case of discrepancy of data between BSE and members of the Syndicate, the decision of the BRLM based on the physical records of BSE shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM and Co BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
- (b) The Company, in consultation with the BRLM and Co BRLM shall finalise the "Issue Price", the number of Equity Shares to be allotted in each investor category.
- (c) The allocation to Non-Institutional Bidders and Retail Individual Bidders would be on proportionate basis, in the manner specified in the SEBI (ICDR) Regulations, 2009, the RHP and Prospectus in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) In case of over-subscription in all categories, not less than 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB portion will also be eligible for allocation in the remaining QIB portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders in proportion to their bids. Further, atleast 15% of the issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 35% of the issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids received at or above the Issue Price.

Under-subscription if any, in any category, except the QIB portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of the company, in consultation with the BRLM, The Co BRLM and the Designated Stock Exchange. If atleast 50% of the Issue is not allocated to QIBs, the entire subscription money shall be refunded forthwith. Allocation to all categories shall be made on a proportionate basis.

- (e) QIB Bidders will be required to deposit the QIB Margin Amount at the time of submitting of their Bids. After the closure of bidding, the level of subscription in the various categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional margin money within a period of two days from the date of the letter communicating the request for such additional margin money.



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- (f) Allocation to NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions registered with SEBI applying on repatriation basis will be subject to the applicable laws, rules, regulations, guidelines and approvals.
- (g) The BRLMs, in consultation with the Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (h) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons whatsoever but before allotment. In terms of SEBI (ICDR) Regulations, 2009, QIB bidders shall not be allowed to withdraw their bid after the bid / issue closing date.
- (i) Our Company in consultation with the BRLM, and the Co BRLM reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.
- (j) The allotment details shall be put on the website of the Registrar to the Issue.

Notice to QIBs: Allotment Reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI (ICDR) Regulations, 2009, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Signing of Underwriting Agreement and ROC Filing

- a. The Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
- b. After signing the Underwriting Agreement, the company will update and file the updated RHP with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the RHP and Prospectus with ROC

The Company will file a copy of the RHP and Prospectus with the Registrar of Companies, Mumbai, situated at The Registrar of Companies, Jaipur in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.



Announcement of Pre-Issue Advertisement

Subject to section 66 of the Companies Act, the Company shall after receiving final observation, if any, on this DRHP from SEBI, publish an advertisement, in the form prescribed by the SEBI (ICDR) Regulations, 2009 DIP guidelines in two widely circulated newspapers (one each in English and Hindi).

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares to be issued. Any material updates between the date of the DRHP and the date of the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

- a. Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs and the CO BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- b. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- c. Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for allotment to such Bidder.
- d. The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation" as set forth under the chapter "Issue Procedure" of this DRHP.

Designated Date and Allotment of Equity Shares

1. The Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would allot the Equity Shares to the allottees. The Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be completed within two working days of the date of finalization of the basis of allotment. In case, the Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
2. **In accordance with the SEBI (ICDR) Regulations, 2009, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the Allottees.** Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.



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3. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, our Company will allot the Equity Shares to the Allottees.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions:

Do's:

- a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this DRHP;
- b) Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour)
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialized form only. Ensure that the Bids are submitted at the Bidding Centers only on forms bearing stamp of the Syndicate Member;
- d) Investors must ensure that the name given in the Bid cum Application form is exactly the same as the name in which the Depository account is held. In case the Bid cum Application Form is submitted in Joint names, it should be ensured that the Depository account is also held in the same Joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- g) Ensure that the Bid is within the Price Band.
- h) **Each of Bidders should hold valid Permanent Account Number (PAN) allotted under the I.T. Act and mention his/her Permanent Account Number in the application form while bidding for the same. It is to be specifically noted that the bidders should not submitted GIR No. instead of PAN as the bid is liable to be rejected on this ground.**
- i) Ensure that demographic details (as defined herein below) are updated true and correct in all respects.

Don'ts:

- (a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- (b) Do not Bid for lower than minimum Bid size;
- (c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (e) Do not pay Bid amount in cash;
- (f) Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 100,000);
- (g) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.
- (h) Do not send Bid cum Application Form by post; instead submit the same to a member of the Syndicate only.
- (i) Do not submit bid accompanying with Stock Invest.
- (j) Do not provide your GIR number instead of your PAN as bid is liable to be rejected on those ground.
- (k) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by QIB.
- (l) Do not revise the bid, in case of bids by an ASBA investor.
- (m) Do not bid through a syndicate member, if you are an ASBA investor, and have already submitted your bid through the designated SCSB. Such bids shall be considered as multiple bids and both the applications are liable to be rejected.



Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or revision Forms from the members of Syndicate

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit to or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM/Co-BRLM nor the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

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

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or giving credit through ECS or Direct Credit and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk. Please note that any such delay shall be at the Bidders sole risk and neither the Company, Escrow Collection Bank(s) nor the BRLM and the Co



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BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered Societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 lakhs and pension fund with the minimum corpus of Rs. 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company, the BRLM and Co BRLM may deem fit.

Payment Instructions

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLMs, Co BRLM and Syndicate Member(s) shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the



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Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate.

2. ***In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM and Co BRLM.***
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - (i) In case of Resident Retail and Non-Institutional Bidders: "Escrow Account – Sumatex Public Issue - R"
 - (ii) In case of Non-resident Retail and Non-Institutional Bidders: "Escrow Account – Sumatex Public Issue - NR"
 - (iii) In case of Resident QIB Bidders: "Escrow Account - Sumatex Public Issue - QIB- R"
 - (iv) In case of Non Resident QIB Bidders: "Escrow Account - Sumatex Public Issue – QIB - NR"
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
5. In case of Bids by FIIs, FVCIs registered with SEBI the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of the Company.
7. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
9. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
10. Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.



11. For ASBA Process, please refer section “ASBA Process” on page no. [•]

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock invest will not be accepted.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Members of the Syndicate at the time of submitting the Bid-cum-Application Form. The Members of the Syndicate may at their discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Individuals may make bid in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form (“First Bidder”). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, illustrations of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.
2. In this master, a check will be carried out for the same PAN / GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.
4. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.
5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also father's / husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be



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treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

The Bidders or in the case of Bids made in joint names, each of the Bidder, should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act. In accordance with the SEBI (ICDR) Regulations, 2009, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. **Any Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.**

Our Right to Reject Bids

The Company BRLM and the Co-BRLM reserve the right to reject any Bid without assigning any reason therefore in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected inter-alia on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. In case of Partnership firms, the shares may be registered in the name of individual partners and no firm as such shall be entitled to apply.
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. Bids for lower number of Equity Shares than specified for that category of investors;
6. Bids at a price less than the lower end of the Price Band;
7. Bids at a price more than the higher end of the Price Band;
8. Bids at cut-off price by Non-Institutional and QIB Bidders;
9. Bids for number of Equity Shares, which are not in multiples of [●];
10. Category not ticked;
11. Multiple bids as defined in this DRHP;
12. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Bids accompanied by Stock invest/money order/ postal order/ cash;
14. Bids not duly signed by the sole/joint Bidders;
15. Bid-cum-Application Form does not have the stamp of the Syndicate Member;
16. Bid-cum-Application Form does not have Bidder's depository account details;
17. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this DRHP and as per the instructions in this DRHP and the Bid-cum-Application Form; or
18. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at [●] of this DRHP.
19. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
20. Bids by OCBs;
21. Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities



- Act or other than in reliance Regulation S under the Securities Act; and
22. Bids by NRIs not disclosing their residential status;
 23. If GIR number is mentioned instead of PAN number.
 24. Bids through ASBA Process by Non-Institutional and QIB Bidders

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar,

1. An Agreement dated [●] among NSDL, our Company and Adroit Corporate Services Pvt. Ltd. and
2. An Agreement dated [●] among CDSL, our Company and Adroit Corporate Services Pvt. Ltd

All Bidders can seek allotment only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. Non Transferable allotment advice or refund orders will be directly sent to the Bidders by the registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
9. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock exchanges.
10. Investors are advised to instruct their DP to accept the Equity Shares that may be allocated to them, pursuant to the issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.



Pre-Issue and Post Issue Related Problems

We have appointed Ms. Neha Jain as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Sumatex Limited,
H-81, RIICO Extension, Pur Road,
Bhilwara – 311 001
Tel. No. (01482) 260693,
Fax No. (01482) 260575
Email: complianceofficer@sumatex.in

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid/ Issue Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/ Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance.

Procedure and Time Schedule for Transfer of Equity Shares

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period had commenced on [●] and expired on [●]. Following the expiration of the Bidding Period, our Company, in consultation with the BRLM and Co-BRLM, will determine the issue price, and, in consultation with the BRLMs, the **basis of allotment** and entitlement to allotment based on the bids received and subject to the confirmation by the BSE and NSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI (ICDR) Regulations, 2009 require our Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.



IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
- Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

Basis of Allocation

1. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the successful Retail individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares aggregating to Rs [●] lakhs at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their valid bids.
- If the aggregate demand in this category is greater than [●] Equity Shares aggregating to Rs [●] lakhs at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allocation, refer below.

2. For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares aggregating to Rs [●] lakhs at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares aggregating to Rs [●] lakhs at or above the Issue Price; allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of allotment refer below.

3. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIBs will be made at the issue price.
- The Issue size less allocation to Non-Institutional portion and Retail Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- The allotment shall be undertaken in the following manner –
 - a. In the first instance, allocation to mutual funds for upto 5% of the QIB portion shall be determined as follows-
 - i) In the event that bids from mutual funds exceed 5% of the QIB portion, allocation to mutual funds



- shall be done on a proportionate basis upto 5% of the QIB portion.
- ii) In the event that the aggregate demand from mutual funds is less than 5% of QIB portion, then all mutual funds shall get full allotment to the extent of valid bids received above the issue price.
 - iii) Equity Shares remaining unsubscribed, if any, not allocated to mutual funds shall be available to all QIB Bidders as set out in as (b) below;
- b. In the second instance, allocation to all QIBs shall be determined as follows –
- i) In the event that the over subscription in the QIB portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for upto 95% of the QIB portion.
 - ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of equity shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - iii) Under-subscription below 5% of the QIB portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

Method of Proportionate Basis of Allocation

In the event of the issue being over-subscribed, the Company shall finalise the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs, Co-BRLMs and the Registrars to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. Allotment to the Bidders shall be made in the marketable lots on a proportionate basis as explained below.

- a. Bidders will be categorized according to the number of Equity Shares applied for by them.
- b. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c. Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d. If the proportionate allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- e. In all Bids where the proportionate allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.



Letters of Allotment or Refund Orders or Instructions to SCSBs in ASBA Process

The Company shall give credit of Equity Shares to the beneficiary account with depository participants within 2 working days of finalisation of the basis of allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, the Company shall dispatch refund orders, if any, of value upto Rs. 1,500 by “Under Certificate of Posting”, and will dispatch refund orders above Rs. 1,500, if any, by registered post only at the sole or first Bidder's sole risk within 15 days of the Bid / Issue Closing date and adequate funds for the purpose shall be made available to the Registrars by our Company. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through “Under Certificate of Posting” within 15 days of closure of issue, intimating them about the mode of credit of refund, the bank where refunds shall be credited along with the amount and the expected date of electronic credit of refund.

The Company shall ensure dispatch of refund orders / refund advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the First Bidder's sole risk within 15 days of the Bid / Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode (s) disclosed shall be made available to the Registrars by the Company.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations 2009, the Company undertakes that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- **Dispatch of refund orders:** Refunds will be done within 15 days from the Bid / Issue Closing Date at the sole or First Bidder's sole risk. The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrars to the Issue; and
- **Interest in case of delay in dispatch of allotment letters / refund orders:** The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders have not been dispatched to the applicants or if, in case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from Bid / Issue closing date.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay-orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received. The Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

The Company will provide adequate funds to the Registrars to the Issue for making refunds to unsuccessful applicants as per the mode disclosed under “mode of making refunds” appearing in ‘ Issue procedure’ beginning ” on page [•] of this DRHP.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the bidders.

For Instructions to SCSBs in ASBA Process please refer ASBA Process beginning on page no. [•]

MODE OF MAKING REFUNDS

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

1. **ECS** - Payment of refund would be done through ECS for applicants having an account at any of the following 68 centers –



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Ahmedabad, Bangalore, Bhubneshwar, Kolkatta, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR Code as appearing on a cheque leaf from the Depositories. The payment of refunds is mandatory through this mode for applicants having a bank account at any of the above-mentioned 68 centers, except where the applicant being eligible, opts to receive refund through direct credit or RTGS or NEFT. Refunds through ECS may also be done at other locations based on operational efficiency and in terms of demographic details obtained by the Registrar from the Depository participant.

2. **Direct Credit** - Applicants having bank accounts with the Refund Banker, shall be eligible to receive funds through direct credit. Charges, if any, levied by the Refund Banker for the same would be borne by the Company **Sumatex Limited**.
3. **RTGS** - Applicants having a bank account at any of the above-mentioned 68 centers and whose refund amount exceeds Rs. Ten lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Bid-cum-Application form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the refund banks for the same would be borne by the Company. Charges, if any, levied by the applicants' bank receiving the credit would be borne by the applicant.
4. **NEFT** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
5. **Refund Orders** - For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. **Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.**

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in 1, 2, 3 & 4 hereinabove. For all the other applicants, including applicants who have not updated



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their bank particulars along with the nine digit MICR code, the refund orders would be dispatched “Under Certificate of Posting” for refund orders of value upto Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above.

UNDERTAKING BY THE COMPANY

Our Company undertake as follows:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchange where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of allotment;
- The company shall apply in advance for the listing of equities on the conversion of debentures/bonds
- That the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading “Mode of Making Refunds” in the section “Issue procedure” on page no. 297 of this DRHP shall be made available to the Registrar to the Issue by our Company;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of Issue, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;
- That the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time;
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment; and
- That no further Issue of Equity Shares shall be made until the Equity Shares Issued through this DRHP are listed or until the Bid Money's are refunded on account of non-listing, under subscription etc.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certifies that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- Details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- The utilisation of monies received under Promoters' contribution and from Employee Reservation Portion shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- The details of all unutilised monies out of the funds received under Promoters' contribution and from Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any



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extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. No person shall make a Bid in pursuance of this Issue unless such person is eligible to acquire Equity Shares of our Company in accordance with applicable laws, rules, regulations, guidelines and approvals. Investors making a bid in response to the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLM, the Co-BRLM, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to subscribed to the Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the BRLM, the Co-BRLMs the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to subscribe to Equity Shares of our Company.

Subscription by NRIs/FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allocation. As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or the requirements of the Investment Company Act.

Accordingly, the Equity Shares are only being offered and sold (i) in the United States to entities that are both "qualified institutional buyers", as defined in Rule 144A of the Securities Act and "qualified purchasers" as defined under the Investment Company Act and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company (i.e., 10% of [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual.



ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company the BRLM and the Co-BRLM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this DRHP. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on www.sebi.gov.in. For details on designated branches of SCSB collecting the ASBA Form, please refer the above-mentioned SEBI website.

ASBA Process

A Resident Retail Individual Investor shall submit his Bid through an ASBA Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder (**ASBA Account**) is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, The Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLM /Co-BRLM

ASBA Form

ASBA Bidders shall use the ASBA Form bearing the code of the Syndicate Member and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the DRHP. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. The ASBA Bidders can submit only one Bid option in the ASBA form which shall be at Cut-off Price. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA form shall be considered as the Application Form. Upon completing and submitting the ASBA form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the DRHP as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Who can Bid?

In accordance with the SEBI (ICDR) Regulations, 2009, only Resident Retail Individual Investor can submit their application through ASBA process to bid for the Equity Shares of our Company.



Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. The ASBA Bidder should ensure that maximum amount blocked in respect of the ASBA Bidder does not exceed Rs. 1,00,000/-. The ASBA Bidders shall bid only at the Cut-off Price indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

Information for the ASBA Bidders:

- The BRLMs/Co-BRLM shall ensure that adequate arrangements are made to circulate copies of the DRHP and ASBA form to the SCSB's and the SCSB's will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM and the Co-BRLM shall ensure that the SCSB's are provided with soft copies of the abridged prospectus and the ASBA form and that the same are made available on the websites of the SCSB's
- ASBA Bidders, under the ASBA process, who would like to obtain the DRHP and/or the ASBA form can obtain the same from the Designated Branches of the SCSB's, or the BRLMs or the Co-BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA form in electronic form on the websites of the SCSB's.
- The Bids should be submitted on the prescribed ASBA form if applied in physical mode. SCSB's may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.
- ASBA forms should bear the stamp of the Syndicate Member and/or Designated Branch of the SCSB.
- ASBA Bidders shall bid for Equity Shares only at the Cut-off Price, with a single bid option as to the number of Equity Shares.
- ASBA Bidders shall correctly mention the bank account number in the ASBA form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch.
- If the ASBA Account holder is different from the ASBA Bidder, the ASBA form should be signed by the account holder as provided in the ASBA form.
- ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA form.
- ASBA Bidders shall not be allowed to revise their Bid and shall not bid under any reserved category.

Method and Process of Bidding

- ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSB's. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSB's or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSB's shall have the right to vet the Bids, subject to the terms of the SEBI (ICDR) Regulations, 2009 and DRHP.



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- The Designated Branches of the SCSB's shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.
- Each ASBA form will give the ASBA Bidder only one option to bid for the Equity Shares at the Cut-off Price i.e. at the cap price of the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in such option. After determination of the Issue Price, the number of Equity Shares bid for by the ASBA Bidder at the Cut-off Price will be considered for allocation along with the Non-ASBA Retail Bidders who have bid for Equity Shares at or above the Issue Price or at Cut-off Price.
- Upon receipt of the ASBA form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA form, prior to uploading such Bids with the Stock Exchanges.
- If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip (**TRS**). The TRS shall be furnished to the ASBA Bidder on request.
- An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA form or a non-ASBA form after bidding on one ASBA form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be.
- Submission of a second ASBA form or a Non-ASBA form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue.

ASBA Bidders are cautioned that Bids for Equity Shares made in the Issue through the ASBA form cannot be revised.

Mode of Payment

Upon submission of an ASBA form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB. Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or ASBA form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI (ICDR) Regulations, 2009 into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against



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allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSB's

- In case of ASBA forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless
- it has received the ASBA in a physical or electronic form; and
- it has blocked the application money in the ASBA account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.
- At the time of registering each Bid, the Designated Branches of the SCSB's shall enter the information pertaining to the investor into the online system, including the following details:
 - Name of the Bidder(s);
 - Application Number;
 - Permanent Account Number;
 - Number of Equity Shares Bid for;
 - Depository Participant identification No.; and
 - Client identification No. of the Bidder's beneficiary account.
- In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).
- A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.
- Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the BRLM, the Co-BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the



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statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

- The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE/NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA forms shall be final and binding on all concerned.

Build up of the book and revision of Bids

- Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- The book gets built up at various price levels. This information will be available with the BRLM, the Co BRLM and the Stock Exchanges on a regular basis.
- ASBA Bidders shall not revise their Bids.
- The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue.
- Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs with the Retail Individual Investor applied under the non ASBA process to determine the demand generated at different price levels.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation and a regional language newspaper with wide circulation at the place where the registered office of the issuer is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of DRHP and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSB's, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and



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(b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSB's shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two working days from the date of Allotment.

(b) As per the SEBI (ICDR) Regulations, 2009, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

Do's:

- a. Check if you are a Resident Retail Individual Investor and eligible to Bid under ASBA process.
- b. Ensure that you use the ASBA form specified for the purposes of ASBA process.
- c. Read all the instructions carefully and complete the ASBA form.
- d. Ensure that your Bid is at the Cut-off Price.
- e. Ensure that you have mentioned only one Bid option with respect to the number of equity shares in the ASBA form
- f. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
- g. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or BRLM/Co-BRLM.
- h. Ensure that the ASBA form is signed by the account holder in case the applicant is not the account holder
- i. Ensure that you have mentioned the correct bank account No. in the ASBA form.



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- j. Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in ASBA account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch of the SCSB.
- k. Ensure that you have correctly checked the authorisation box in the ASBA form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA form in your ASBA Account maintained with a branch of the concerned SCSB.
- l. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA form.
- m. Ensure that you have mentioned your Permanent Account Number (**PAN**) allotted under the I.T. Act.
- n. Ensure that the name(s) and PAN given in the ASBA form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA form.
- o. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- a. Do not submit an ASBA Bid if you are not a Resident Retail Individual Investor.
- b. Do not submit an ASBA Bid if you are applying under any reserved category.
- c. Do not revise your Bid.
- d. Do not Bid for lower than the minimum Bid size.
- e. Do not Bid on another ASBA or Non-ASBA form after you have submitted
- f. Submit the Bid to a Designated Branch of the SCSB.
- g. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSB's, shall not be accepted under the ASBA process.
- h. Do not send your physical ASBA form by post; instead submit the same to Designated Branch of the SCSB only.
- i. Do not fill up the ASBA form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 1,00,000/-.
- j. Do not mention the GIR number instead of the PAN Number.
- k. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

- Made only in the prescribed ASBA form, if submitted in physical mode, or electronic mode.



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- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA form.
- The Bids must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter subject that the Bid Amount does not exceed Rs. 1,00,000/-.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidders depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANTS NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME AND PAN GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA FORM. ASBA BIDDERS SHOULD NOTE THAT ON THE BASIS OF NAME OF THE ASBA BIDDERS, PAN, DEPOSITORY PARTICIPANT'S NAME AND IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER PROVIDED BY THEM IN THE ASBA FORM, THE REGISTRAR TO THE ISSUE WILL OBTAIN FROM THE DEPOSITORY, DEMOGRAPHIC DETAILS OF THE ASBA BIDDERS INCLUDING ADDRESS, (DEMOGRAPHIC DETAILS.). HENCE, ASBA BIDDERS SHOULD CAREFULLY FILL IN THEIR DEPOSITORY ACCOUNT DETAILS IN THE ASBA FORM.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants. By signing the ASBA form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSB's, the members of the Syndicate, or the Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected. ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.



In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA form. Failing this, our Company, in consultation with and BRLM/Co-BRLM, reserves the right to reject such ASBA Bids. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA form, subject to such terms and conditions that we, in consultation with the BRLM/Co-BRLM may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account. In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are described in "Issue Procedure - Multiple Bids" on page -- of DRHP..

Right to Reject ASBA Bids

The Designated Branches of the SCSB's shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds. Further, in case any DP ID, Client ID or PAN mentioned in the ASBA form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.



GROUND FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

1. In addition to the grounds listed under Grounds for Technical Rejection. on page no. [•] of this DRHP, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:
2. Amount mentioned in the ASBA form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Bids at a price other than at the Cut-off Price;
4. Bid made by categories of investors other than Resident Retail Individual Investors;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
6. PAN not stated, or GIR number furnished instead of PAN. See .Issue Procedure - PAN or GIR Number. on page no [•];
7. Bids for number of Equity Shares, which are not in multiples of [•];
8. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
9. Multiple Bids as defined in this DRHP;
10. In case of Bid under power of attorney, relevant documents are not submitted;
11. Signature of sole and/or joint Bidders missing in case of ASBA forms submitted in physical mode;
12. ASBA form does not have the stamp of the SCSB and/or a member of the Syndicate;
13. ASBA form does not have the Bidder's depository account details;
14. ASBA form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA form and the DRHP;
15. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA form at the time of blocking such Bid Amount in the ASBA Account;
16. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), PAN, the DP ID and the beneficiary account number; and
17. If the ASBA Bid in the Issue is revised. Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted and bank account number in which the amount equivalent to the Bid amount was blocked. The Registrar to the Issue shall obtain the required information from the SCSB's for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLM, the Co-BRLM the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSB's including any defaults in complying with its obligations under applicable SEBI (ICDR) Regulations, 2009.

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

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for,



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Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Impersonation

For details, see section titled “Issue Procedure- Impersonation” on page [•] of this DRHP.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the Company undertakes that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid/Issue Closing Date; and
- If the instructions to SCSBs to unblock funds in the ASBA accounts are not given within 8 days after our Company becomes liable to repay all moneys received from the applicants in pursuance of this Red Herring Prospectus, i.e. within 7 days from the Bid/Issue Closing Date, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see section “Issue Procedure- Basis of Allotment” on page [•] of this Red Herring Prospectus.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders, along with non-ASBA Bidders, will be categorized as Retail Individual Bidders. No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

Undertaking by our Company

In addition to our undertakings described under “Issue Procedure - Undertaking by our Company”, with respect to the ASBA Bidders, the Company undertakes that adequate arrangement shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

Utilisation of Issue Proceeds

Our Board has provided certain certifications with respect to the utilization of Issue Proceeds. For details, see “Issue Procedure- Utilisation of Issue Proceeds” on page [•] of this DRHP.



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The above information is given for the benefit of the Bidders. The Company, the BRLM, the Co BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this DRHP. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations. However we shall update this DRHP and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.



SECTION XI - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

A) RIGHTS OF MEMBERS

The Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles.

B) MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:

CAPITAL		
Capital	4	The Authorized Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty lacs) Equity Shares of Rs 10/(Rupees Ten only) each with power to increase and /or reduce the capital of the company in accordance with the provisions of the Act and to divide the shares in the increased capital into several classes and attach thereto respectively such preferential, qualified of special rights, privileges and conditions in such manner as may be permitted for the time being
Preference Shares	5	Subject to the provisions of Section 80 of the Act, the Board shall be empowered to issue and allot redeemable preference shares carrying a right to redemption out of profit or out of the proceeds of fresh issue of shares
Consideration	6	The directors may allot and issue shares in the capital of the Company as payment or part payment for any property goods or machinery supplied sold or transferred or for services rendered to the Company in or about the formation or promotion of the Company, for the conduct of its business and any shares so allotted may be issued as fully paid up or as partly paid up shares
Discretion in calls	7	The directors may, at their discretion at the time of issue make such different arrangement with different shareholders in the, amounts and times of payments of calls on their shares, may accept from any member whose assets thereto the whole or part of the amount remaining unpaid on any shares held by him although no part of that amount has been called up and may pay dividend in proportion to the amount paid up on each share or may pay interest on the amount so received in excess of calls.
Commission	8	The directors may at any time, pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) or any shares, debentures or debenture-stock in the Company, so that if the commission in respect of share shall be paid or repayable out of capital, the statutory conditions and requirements shall be observed and the amount of rate of commission shall not exceed 5 percent on the shares and 2.5 percent on debentures or debenture-stock in each case subscribed or to be subscribed. The commission may be paid or in satisfied in cash on shares, debenture-stock of the Company.
SHARES AND CERTIFICATES		
Shares to be numbered progressively and	9	The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to



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no shares to be sub-divided		bear the number by which the same was originally distinguished
Further issue of shares	10	(l) where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever in earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares whether out of the issued capital or out of the increased share capital then :
		(a) Such further shares shall be offered to the person who at the date of the offer, are holders of the equity shares of the company in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
		(b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from that date of the offer and the offer if not accepted, will be deemed to have been declined
		(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT that Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him
		d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept. The shares offered, the Board of Directors may dispose them off in such manner and to such person (s) as they may think, in their sole discretion, fit.
		(II) Notwithstanding anything contained in sub-clause (I) thereof, the further shares aforesaid, may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (i) hereof) in any manner whatsoever
		(a) If a special resolution to that effect is passed by the company in General Meeting, or
		(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
		(III) Nothing in sub-clause (c) of(1) shall be deemed: (a) To extend the time within which the offer should be accepted; or (b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favor the renunciation was first made has declined to take the shares comprised in the renunciation.
		(I) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
		(II) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debenture or raising of the loans.
Acceptance of shares	11	Any application signed by or on behalf of any applicant for shares in the Company followed by all" allotment of any share herein shall be an acceptance of shares within the meaning of these Articles and every person who thus or



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		otherwise accepts an shares and whose name is on the Register shall for the purpose of these Articles be a member
Deposit and calls to a debt payable immediately	12	(i) The money, (if any) which the Board shall on the allotment of any share being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall immediately on the inscription of the name of the allottee in the Register of members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him on such terms as the Board may deem fit from time to time
Liability of members		(ii) Every member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may for the time being, remain, unpaid thereon in such amounts, at such time or times and in such manner, as the board shall from time to time, in accordance with the Company's regulations require to fix for the payment thereof
Limitation of time for issue of certificates	13	Every member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one more such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be, Every Certificate of shares shall be under the seal of the company and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more then one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders
Member's Rights certificates	14	Every member shall be entitled to one or more certificate in marketable lot for all the shares registered in his name or if the Directors so approve to several certificates each for one or more of such shares but in respect of each additional certificate, shall be paid to the Company a fee of Rs. 2/- or less as the Directors may determine. Every certificate of shares shall specify the number and denoting number of the shares in respect of which it is issued and the amount paid up thereon. The Directors may in any case waive the charging of such certificates
Issue of new certificate in place of old defaced. lost for destroyed	15	In any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement or transfer, then upon production and surrender thereof to the Company, a. new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu there of shall be given to the party entitled to such lost or destroyed Certificate, Every Certificate under the Article shall be issued without payment of fees if the Directors so decided, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe, provided that no fee shall be charged for issue of new certificates in replacement of those which are old, descript or worn out or there is no further space on the back there of for endorsement of transfer-provided that notwithstanding what is stated above the Directors shall comply with such rules made under Securities Contracts (Regulation) Act, 1956 or any other Act or rules applicable in this behalf, the provisions of this Article shall mutatis mutandis apply to debentures of the Company.



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Shares at the disposal of the directors	16	Subject to the provisions of Sections 81 of the Act and these Articles [Co shares of the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting
Commission for placing shares and brokerage	17	The Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditional) for any shares or debentures in the Company or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company, but so that the amount or rate of commission shall not exceed in the case of shares, 5% of the price at which the shares are issued and in the case of debentures two and a half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash of allotment of fully or partly paid shares or debentures or partly in one way and partly in the other. The Company may also pay on any issue of shares or debentures such brokerage as may be lawful and reasonable.
Sweat Equity Shares	17A	(1) Notwithstanding anything contained in section 79 and subject to section 79 A of the Act, the Company may issue Sweat Equity Shares of a class of shares already issued if the following conditions are fulfilled namely:
		I. The issue of Sweat Equity Shares is authorized by a special Resolution passed by the Company in the General Meeting:
		II. The Resolution specifying the number of shares, current market price, consideration, if any, and the class or classes of Directors (s) or Employees to whom such Equity Shares are to be issued:
		III. The Sweat Equity Shares of the Company are issued in accordance with regulations made by the Securities and Exchange Board of India or any other authority under any Act, as may be applicable for the time being in force:
		IV. All the limitations, restrictions and provisions relating to the Equity Shares shall be applicable to such Sweat Equity Shares issued as in sub clause (I) herein above.
Funds of company not to be applied in purchase of shares of the company	17B	No funds of the Company shall, except as provided by Section 77 of the Act, be employed in the purchase of its own shares, unless' the consequent reduction of capital is effected and sanction in .pursuance of Sections 78,80 and J 00 to 105 of the Act and these Articles or in giving either directly or indirectly and whether by mean of . a loan, guarantee, the provisions of security or otherwise, any financial assistance for the purpose of or in connection with purchase or subscription made or to be made by any person of or for any share in the Company, in its holding Company
Buy Back of Shares	17C	Notwithstanding anything contained in these Articles, the Company may, when and if thought fit, by the Board of Directors, purchase its own shares or other specified securities (hereinafter referred as "BUY-BACK" as it may think necessary in the manner prescribed in section 77 A, 77 AA and 77B of the Act
Dematerialization	17D	Notwithstanding anything contained in these Articles, the Company shall be



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of Securities		entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to Depositories Act, 1996 and Rules framed there under
Securities in depository to be in fungible form	17E	i. All securities held by a depository shall be dematerialized and shall be in fungible form.
		ii. Nothing contained in Section 153, J 53 A, 153B, 187B and 373A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
	17F	Notwithstanding anything to the contrary contained in the Articles. i. Section 83 of the Act shall not apply to securities held with a depository, ii. Nothing contained in the Act or these articles regarding the necessity of having distinctive number for securities issued by the Company shall apply to securities held in a depository.
Option to receive security certificate or hold securities with depository	17G	i. Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository. ii. Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security
Rights of Depositories and Beneficial Owners	17H	i. Notwithstanding any thing to the contrary contained in the Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of a beneficial owner. ii. Save as otherwise provided in clause (I) above, the depository as registered owner, shall not have any voting rights or any other rights in respect of securities held by it. iii. Every person holding securities of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a depository.
Depository to Furnish Information	17I	i. Every depository shall furnish to the Company information about the transfer of Securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the laws and the Company in that behalf. ii. Notwithstanding anything to the contrary contained in the Articles, where securities are held in a depository, the records of beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs
Option to opt out in Respect of Any Security Commission to be included in the Annual Return	17J	If a beneficial owner seeks to opt out of a depository in respect of any security, he shall inform the depository accordingly. ii. The depository shall, on receipt of such intimation, make appropriate entries in its records and shall inform the Company. iii. The Company shall, within thirty (30) days of the receipt of intimation from a depository and on fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be."
UNDERWRITING AND BROKERAGE		
Commission may paid	17K	Subject to the provisions of Section 76 of the Act, the Company may at any time pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued and in the case of debentures two and half per cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or debentures as the case may be or partly in one way



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		and partly in the other.
Brokerage	17L	The Company may on any issue of shares or debentures or on deposits pay such brokerage as may be reasonable and lawful.
	17M	Where the Company has paid any sum by way of commission in respect of any shares or debentures or allowed any sums by way of discount in respect of any shares or debentures such statement thereof shall be made in the Annual Return as required by part I of Schedule V to the Act
CALLS		
Calls	18	The Directors may, from time to time, subject to the terms on which any shares may have been issued, make such calls, as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotments thereof made payable at fixed times and each members shall pay the amount of every call so made on him to the person and at the time and place appointed by the Directors. A call may be made by installment.
when call deemed have been made and notice to call	19	A call shall be deemed to have been made at the time when the resolution of the directors authorizing such call was passed. Not less than fourteen day's notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
Extension of time for payment of calls	20	The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members for reasons which the Board may consider satisfactory but no member shall be entitled to such extension save as a matter of grace and favor.
Call to carry interest	21	If any members fails to pay any call, due from him on the day appointed for payment thereof or any such extension thereof as aforesaid he shall be liable to pay interest on the same from the day appointed for the Payment thereof to the time of actual payment at such rate as from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member and the Board shall be at liberty to waive payment of such interest either wholly or in part
Amount payable at fixed times by installments payable as calls	22	If by the terms of issue of any shares or otherwise any amounts is made payable on allotment or on any fixed date or installments at time, whether on account of the amount of the shares or by way of premium every such amount or installment shall be payable as if it was a call duly made and provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
Evidence in actions by company against shareholders	23	On the trial hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was when the claim arose on the Register of shareholder of the Company as a holder of or as the holders of the number of shares in respect of which such claim is made that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the directors who made any call nor that a quorum of directors was present at the Board at which any call was made or that the meeting at which any call was made duly Convened or constituted nor any other matter whatsoever but the proof of matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of call may carry interest	24	(a) The Director may if they think fit, subject to the provision of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceed the amount of the calls then made upon the shares in respect of which such advance has been made, the company



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		may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced
		(b) The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.
		(c) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company
JOINT HOLDERS		
Joint holders	25	Where two or more persons are registered as holders of any shares they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to the following and other provisions contained in the Articles.
To which joint holder certificate to be issued		(a) Shares may be registered in the name of any person, company or other body corporate but not more than three persons shall be registered jointly as members in respect of any shares
		(b) The certificate of shares registered in the name of two or more persons shall be delivered to the person whose name stands first in the Register
Several liabilities of joint holders		(c) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
The first named of Joint holder deemed soleholder		(d) If any share stands in the names of two or more person, the person first named in the register shall as regards receipt of share certificates, dividends or bonus or service or notice and all or any other matter connected with the company except voting at meeting and the transfer of the shares be deemed the sole holder thereof but the joint holders of a share shall be liable severally as well as jointly for the payment of all installments and calls due in respect of such share and for all incidentals thereof according to the Company's regulations.
Death of one or more Joint holders of share		(e) In the case of death of anyone or more of the persons named in the register of members as the joint holders of any share, the survivors shall be the only persons recognized by the Company as having any Title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.
Votes of joint members		(f) If their be joint registered holders of any shares, any of such persons may vote at any meeting either personally or by proxy in respect of such shares, as he was solely entitled thereto. provided that if more than one of such joint holders be present at any meeting either personally or by proxy, then one of the said persons so present whose name stands higher on the register of members shall alone be entitled to vote in respect of such shares , but the other of others or of the joint holders shall be entitled to be present at the meeting several executors or administrators of a deceased member in whose names shares stand shall for the purpose of these articles be deemed joint holder's thereof.
On joint holders		(g) A document or notice may be served or given by the Company on or to the joint holders of a share by serving or giving the document or notice on or to the joint holder named first in the register of members in respect of the share.
FORFEITURE AND LIEN		
If call or installment not paid notice must given	26	If any members fails to pay any call or installment on or before the day appointed for the payment of the same the directors may at any time thereafter during such time as the call or installment remains unpaid serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the company by reason of such non payment.
From of notice	27	The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which call or installment and such



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		interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment of at or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.
If notice not complied with shares may be forfeiture	28	If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may at any time thereafter before payment of all calls 01' installments, interests and expenses due in respect thereof, be forfeited, by a resolutions of the Directors to that effect.
Notice after forfeiture	29	When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make such entry as aforesaid.
Forfeited share to become property of the company	30	Any share so forfeited shall be deemed to be property of the Company and the directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.
Power to annual forfeiture	31	The Directors may at any time before any share so forfeited shall have been sold, re-allot or otherwise dispose off annul the forfeiture thereof on such conditions as they think fit.
Arrears to be paid notwithstanding forfeiture	32	Any member whose shares have been forfeited shall shall not withstanding be liable to pay and shall forthwith pay to the Company all call, installments, interest and expenses, owing upon/to in respect of such shares at the time of the forfeiture together with the interest thereon, from the time of forfeiture until payment at 12 percent per annum and the Directors may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.
Effect of forfeiture	33	The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
Evidence of forfeiture	34	A duly verified declaration in writing that the declarant is a director or secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against a1l persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposal thereof shall constitute a good title to such shares and the person to whom the shares are sold be registered as the holder of such shares and shall not be bound to see to the application of the purchase money nor shall his title to such shares be affected by any irregularity or invalidity in the proceeding in reference to such forfeiture, sale or disposal.
Company's lien on shares/debentures	35	The Company shall have a first and paramount lien upon a11 the shares/ debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time. in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/ debentures, wholly or in part to be exempt from the provisions of this clause.
As to enforcing	36	For the purpose of enforcing such lien, the directors may sell the shares subject



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lien by sale		there to in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators or his committee curators, bonis or other illegal curator and default shall have been made by him or them in the payment of moneys called in respect of such shares for seven days after such notice.
Application of proceeds of sale	37	The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such Part of the amount in respect of which the lien exists as is presently payable and residue, if any, shall (subject to like lien sums not presently payable, as existed upon the share before the sale) be paid to the person entitled to the shares at the date of sale.
Validity of sales upon forfeiture	38	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the directors may appoint some persons to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the register in respect of such share the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damage only and against the company exclusively.
Cancellation of old Certificate and issue of new certificate	39	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative share shall (unless the same shall on demand by the company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a new certificates or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it or them in such manner as they think fit from the old certificate or certificates.
TRANSFER AND TRANSMISSION OF SHARES		
Instrument of transfer	40	The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
Application by transferor	41	(a) Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that where such application is made by the transferor no registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 101 of the Act, and subject to provisions of these Articles, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee (b) The instrument of transfer shall be in the form prescribed by the Act or the rules framed thereunder or where no such form is prescribed in the usual common form or any other form approved by the stock exchange in India or as near thereto as circumstances will admit.
Directors may refuse to register transfer	42	Subject to the provisions of Section III of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may at their own, absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company, but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to



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		register such transfer provided that registration of transfer shall not be refused on the ground of the transfer being either [done or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
	43	The Directors may from time to time fix a fair value for the shares of the company at which the transfer shall be registered in terms of the Articles mentioned above. The said value shall not in any way be less than the intrinsic value of a share as shown by the last balance sheet of the Company.
Registered instrument to remain with the company	44	Every instrument of transfer which is registered shall remain in the custody of the company until destroyed by order of the Board.
No fees for transfer or transmission	45	No fee shall be charged for registration of transfer, transmission, probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, power of Attorney or similar other document.
The Company not liable for immediate discharge of notice in prohibiting registration of transfer	46	The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration.
Surrender of Shares	47	The Directors may at any time, accept the surrender of any shares from or by any shareholder desirous of surrendering the same on such terms as the directors may think fit Except as otherwise required by a statutory provision or under an order of the competent court of law, the Directors of the company may in their absolute discretion refuse sub-division of share certificates or debenture certificates into denominations of less than the marketable lots.
Nomination facility	47A	i. Every holder of shares in, or holder of debentures of, the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the Company shall vest in the event of his death
		ii. Where the shares in or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in shares or debentures of the Company shall vest in the event of death of all joint holders.
		iii. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of, the Company the nominee shall, on the death of the shareholder or holder of debenture of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the shares or debentures of the Company or as the case may be, all the joint holders, in relation to such shares in, or debentures of, the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
		iv. Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of the debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of the Company, in event of his death, during the minority.
Transmission by Nominee	47B	i. Any person who become a nominee by virtue of the provisions of section 109A of the Act, upon the production of such evidence as may be required by the Board or any committee thereof and subject as hereinafter provided, elect



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		either.
		(a) To be registered him self as holder of the shares or debentures, as the case may be; or
		(b) To make such transfer or the shares or debentures, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made, in accordance with the provisions of and the manner prescribed by section 109B of the Companies Act, 1956 and any amendments thereto from time to time. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or transfer the shares or debentures, and if the notice is not complied with within ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares or debentures, until the requirements of the notice have been complied with.
		ii. A person, being a nominee, become entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares or debentures except that he shall not, before being registered as a member in respect of his shares or debentures, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.
SHARE WARRANTS		
Power to issue Warrants	47C	The Company may issue warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the indemnity of the person signing the application and on receiving the certificates (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time require to issue a share warrant.
Deposited of Share Warrant	47D	(a) The bearer of a share warrant may, at any time, deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising the other privileges of the member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were entered in the Register of Member as the holder of the share included in the deposit warrant.
		(b) Not more than one person shall be recognized as depositor of the share warrant.
		(c) The Company shall, on two days' written notice, return the deposited share warrant to the depositor.
Privileges & Debentures of Holder of Share Warant	47E	(a) Subject as herein otherwise expressly provide, no person shall as bearer of a share warrant, sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a member at a meeting of the Company or be entitled to receive any notice from the company.
		(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Member as the Holder of the Shares included in the warrant and he shall be a member of the Company.
	47F	The Board may, from time to time, make bye-laws as to the terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.
BORROWING POWERS		
	48	Subject to the provision of the Act and these Articles, the Board may from time to time at its discretion by a resolution passed at a meeting of the Board accept



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		deposits from members either in advance of calls or otherwise and raise or borrow or secure the payment of any sum or sums of money for the Company subject to the provisions of the Act.
The payment or repayment of money borrowed	49	The payment or repayment of money so borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit and in particular by a resolution passed at meeting of the Board or by a circular resolution by the issue of debentures or debenture-stock of the Company (both present and future) including its uncalled capital for the time being and debentures, debenture-stock and other securities may be made assignable free from any equities between the company and person to whom the same may be issued.
Terms of issue of debenture	50	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution
Assignment of uncalled capital	51	If any uncalled capital of the Company is included in or charged by any mortgage or other securities, the directors may make calls on the members in respect of such uncalled capital in trust for the person in whose favor such mortgage or security is executed.
Indemnity may be given	52	If the directors, any of them or any other person shall become personally liable for the payment of any sum primarily due from the company the directors may execute or cause to be executed any mortgage, change of security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability.
GENERAL MEETINGS		
When annual general meeting to be held	56	In addition to any other meetings, general meeting of the Company shall be held at such intervals and at such times and places as may be determined by the Board as required under section 166 and 167 of the Act.
Distinction between ordinary and extraordinary meeting	57	All other meetings of the Company other than those referred to in the preceding Articles shall be called Extraordinary General Meetings.
When extraordinary meeting to be called	58	The directors may, whenever they think fit and they shall, on the requisition of the holders of not less than one-tenth of the paid up capital of the Company as at the date entitled to vote in regard to the matter in respect of which the requisition is made, forthwith proceed to convene an Extraordinary General Meeting of the Company.
Notice of meeting	59	Twenty-one day's notice at least of every General Meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting if any business other than (i) the consideration of the accounts, balance sheets and reports of the Board and Auditors, (ii) the declaration of dividend, (iii) the appointment of directors in place of those retiring, (iv) the appointment of and fixing of the remuneration of the Auditors, is to be transacted and in the case of any other meeting in any event, there shall be annexed to the notice of the meeting a statement setting out all the material facts concerning each such item of business, including in particular the nature and extent of the interest, if any therein of every director and the Manager (if any). Where any such item of business relates to or affects any other company the extent of shareholding interest in that other company of every director and manager if any, of the



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		Company shall also be set out in the statement if the extent of such shareholding and interest is not less than twenty percent of the paid-up share capital of that other company. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid
As to omission to give notice	60	The accidental omission to give any such notice to or the non-receipt of notice by any of the members or persons entitled to receive the same shall not invalidate the proceedings at any such meetings
Quorum at General Meeting	61	Five members present in person shall be a quorum for a General Meeting. A corporation being a member shall be deemed to be personally present if it is represented, in accordance with Section 187 of the Act. The President of India or the Governor of a State shall be deemed to be personally present if he is represented in accordance with Section 187-A of the Act
Questions at general meeting how to decide	62	At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) ordered by the Chairmen of the meeting of his own motion and shall be ordered to be taken by him on demand made in that behalf by any member or members present in person or by proxy and holding shares, in the Company which Confer a power to vote on the resolution, not being less than one tenth of the total voting power in respect of the resolution, or on which aggregate sum of not less than fifty thousand rupees has been paid up, and unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands, been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the minutes book of the Company shall be conclusive evidence of the fact, without further proof of the number or proportion of the votes recorded in favour of or against that resolution
Chairman's casting vote	63	In the case of an equality of votes the Chairman shall both on a show of hands and poll (if any) have a casting vote in addition to the vote or votes which he may be entitled to as a member
Poll to be taken if demanded	64	If poll is demanded as aforesaid the same shall subject to Article 72 be taken at such time (not later than forty-eight hours from the time when demand was made) and place and either by open voting or by ballot as the Chairman shall direct and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or the person who made the demand.
Scrutineers of the poll	65	Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him One of the scrutineers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from the office and fill vacancies in office of scrutineer arising from such removal or from any other cause.
Business to proceed not with standing demand to poll	66	The demand for a poll, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
VOTES OF MEMBER		
Members in arrears not to vote	67	No member shall be entitled to vote either personally or by proxy for another member, at any General Meeting or meeting of a class of shares holders if he has shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has any right or lien and has exercised the same.



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Voting rights of members	68	On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and on a poll the voting right of every holder of equity shares whether present in person or by proxy, shall be in proportion to his share of the paid up equity capital of the Company.
Casting of votes by a member entitled to more than one votes	69	On a poll taken at a meeting of the Company, a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not if he votes, use all his votes, or cast in the same way all the votes he uses.
How member non-composments and minor may vote	70	A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll, vote by proxy, if any member be a minor the vote in respect of his shares may be cast by his guardian or anyone of his guardians, if more than one.
Voting in person or by proxy	71	(i) Subject to the provisions of these Articles votes may be given either personally or by proxy. A corporation being a member may vote by representative' duly authorized in accordance with Section 187 of the Act, and such representative shall be entitled to speak, demand a poll, vote, appoint a proxy and in all other matters reckoned as a member for all purposes.
Appointment of proxy		(ii) Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney or if such appointer is a corporation under the Common seal of such corporation or under the hand of its officer or an attorney, duly authorized by it and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.
Deposit of Instrument of appointment		(iii) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve month from the date of its execution.
Form of proxy		(iv) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in either of the forms set out in Schedule IX to the Act.
Validity of vote given by proxy notwithstanding death of member etc.		(v) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer shall have been received at the office before the meeting.
Time for objection to vote	72	(i) No objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
Chairman of any meeting to be the judge of validity of any vote		(ii) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
Minutes of general meetings and inspection thereof by member	73	The Company shall cause to be kept minutes of all proceedings of general meetings which shall contain a fair and correct summary of the proceedings thereat and a book containing such minutes shall be kept at the registered office of the Company and shall be open during business hours for such periods not being less in the aggregate than two hours in each day as the directors may determine, for inspection of any member without charge. The minutes aforesaid shall be kept in accordance with the provisions of section 193 of the Act.
DIRECTORS		



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Number of Directors	74	Until otherwise determined by a General meeting and subject to Section 252 and 259 of the Act, the number of Directors shall not be less than three or more than twelve excluding any Directors appointed under Articles 79 and 80.
First Directors	75	(a) The Present Directors of the Company as on 29/06/2007 :- Shri Sandeep Malu Mrs. Supriya Malu Shri Deep Chand Malu
		(b) The Company in General Meeting may from time to time increase or reduce the number of Directors within the limit fixed as above.
Appointment of alternate directors	76	The Board of Directors of the Company may appoint an alternate directors to act for a director (hereinafter in this Article. called "the original director") during the absence for a period of not less than three months from the state in which the meetings of the Board are ordinarily held. An alternate director appointed under this Article shall not hold office as such for a period longer than that permissible for the original director in whose place he has been appointed and shall vacate office if and when the original director returns to the State.
Directors may fill up vacancies	77	The Directors shall have power at any time and from time to time to appoint any qualified person, to be a director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only up to the date up to which the director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.
	78	The Directors shall also have power at any time and from time to time to appoint any other qualified person to be a director as an addition to the Board but so that the total number of directors shall not at any time exceed the maximum fixed above. Any person so appointed as an addition to the Board shall retain his office only up to the date of the next Annual General Meeting but shall be eligible for re-election at such meeting.
Additional directors	79	The Company may agree with any financial institution, company or any other authority, person, state or institution that in consideration of any loan or financial assistance of any kind whatsoever which may be rendered by it, shall have power to nominate such number of directors on the Board of Director of the Company as may be agreed to and from time to time remove and appoint them and to fill in vacancy caused by such directors otherwise ceasing to hold office. Such nominated directors shall not be liable to retire by rotation, The Director nominated under this Article is hereinafter referred to as "Institutional Director" in these presents.
Debenture Director	80	Any trust deed for securing debenture or debenture-stock may, if so arranged, provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture-stock of some person to be director of the Company and may empower such trustees or holders of debenture-stock from time to time to remove any director so appointed. A director appointed under this Article is herein after referred to as a "debenture Director" and the term "Debenture Director" means a Director for the time being in office under this Article. A debenture director shall not be liable to retire by rotation or be removed by the Company. The trust deed may contain such ancillary provisions as may be agreed between the Company and the trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.
No Qualification shares for Directors	81	No share qualifications will be necessary for being appointed as or holding the office of a director of the Company
Remuneration of Directors	82	The remuneration of each director for attending the meeting of the Board or Committee thereof shall be such sum as may be prescribed by the Act or the Central Government from time to time for each such meeting of the Board or



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		Committee thereof attended by him. The directors shall be paid such further remuneration (if any) as the Board shall from time to time determine and such additional remuneration shall be divided amongst the directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided among the directors equally.
Directors not a resident of the place of the registered office of the Company to be paid travelling expenses	83	The Directors may allow and pay any Director who is not a resident of the place where the Registered office for the time being of the Company is situated or 'where the meeting of the Board is held and who shall come to such place for the purpose of attending a meeting of the Board or a Committee thereof, such sum as the directors may consider fair compensation for traveling and other incidental expenses in addition to his fees for attending such meeting as above specified
Special remuneration of Director performing extra services	84	If any director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a director as a member of any committee formed by the directors) the Board may arrange with such directors for such special remuneration for such extra services or special exertions or efforts by way of a fixed sum or otherwise as may be determined by the board and such remuneration above provided.
Directors may act notwithstanding vacancy	85	The continuing directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number fixed the directors shall not act except in emergencies or for purpose of. filling up vacancies or for summoning a general meeting of the Company.
under which directors may contract with Company	86	A director shall not be disqualified from contracting with the company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such director or a firm in which such director or relative is a partner or with any other partner in such firm or with a private company of which director is a member or director, be avoided nor shall director so contracting or being such member or so interested be liable to account to the Company for any profit realized from any such contract or arrangement by reason of such director holding office or of the fiduciary relation thereby established.
Retention of benefit from associated company	87	A director of a company may be become a director of any company promoted by the company or in which he may be interested as vendor member or otherwise and no such director may be accountable for any benefit received as director or member of such company.
Rights of Directors	88	Except as otherwise provided by articles all the directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.
ROTATION OF DIRECTORS		
Retirement and rotation of directors	89	All the Directors, excluding the Managing and/or special director. shall retire at the first annual general meeting of the Company and there after at each annual general meeting of the Company, one third of the Director for the time being as are liable to retire by rotation or if their number is not three or a multiple of three. then the number nearest to one-third shall retire from office, A special Director appointed by the Board under Articles 79 and 80 hereof and/or a Managing Director shall not be liable to retire by rotation. Subject to Section 284(5) of the Act, the Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who become Directors on the same day those who retire shall in default of and subject to any agreement among themselves, be determined by lot.



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Eligibility for re-election	90	A retiring director shall be eligible for re-election.
Company to appoint successors	91	Subject to provisions of the Act the Company at the General Meeting at which a director retires in manner aforesaid may fill up the vacated office by electing a person thereto.
Notice of candidature for office of director except in certain cases	92	The Company may by ordinary resolution from time to time increase or reduce the number of directors and may alter their qualifications and the Company may remove any director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such times as the director in whose place he is appointed would have held the same if he had not been so removed.
	93	No person not being a retiring director, shall be eligible for election for the office or director at any General Meeting unless he or some other member intending to propose him has at-last fourteen clear days before the meeting left at the office a notice in writing under his hand signifying his candidature for the office of director or the intention of such member to propose him as a candidate for that office alongwith a deposit of five hundred rupees which shall be refunded to such person or as the case may be to such member, if the person succeeds in getting elected as a Director.
PROCEEDING OF DIRECTORS MEETING		
Meeting of directors Quorum	94	(i) The Board of Directors may meet for the despatch of business. adjourn, and otherwise regulate its meeting as it thinks fit.
		(ii) The quorum for a meeting of the Board shall be one-third of its total strength (any) fraction contained in that one-third being rounded off as one) or two directors, whichever in higher.
Adjournment of meeting for want of quorum	95	If a meeting of the Board could not be held for want of quorum, then the meeting shall stand adjourned to such other time, date and place as may be fixed by the directors present not being later than fifteen days from the date originally fixed for the meeting.
Adjournment of meeting for want of quorum	95	If a meeting of the Board could not be held for want of quorum, then the meeting shall stand adjourned to such other time, date and place as may be fixed by the directors present not being later than fifteen days from the date originally fixed for the meeting.
When meeting to be convened	96	The Chairman if any, or the Managing Director of his own motion or the Secretary of the Company shall upon the request in writing of two directors of the Company or if directed by the Managing Director or Chairman if any convene a meeting of the Board by giving notice in writing to every director for the time being in India and at his usual address in India to every other director.
Chairman	97	The Directors may from time to time elect from amongst their number, a Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board Chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting.
Questions at Board Meeting how decided	98	Questions arising at any meeting of the Board shall be decided by a majority of votes and in case of an equality of votes, the Chairman shall have a second or casting vote subject to the provision that the Nominee if appointed under Article 79 present and voting shall be part of such majority.
Powers of Board Meeting	99	A meeting of the Board for the time being at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by the Act or the Articles of the Company are for time being vested in or exercisable by Board generally.
Directors may appoint committees and	100	The Board may delegate any of their powers to a committee of directors consisting of such director or directors or one or more directors and a member or members of the company as it thinks fit or to the managing Director, the



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delegate its powers		Manager or any other principal officer of the Company or a branch officer or to one or more of them together and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purpose. But every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any resolution that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
Meeting of committee how to be governed	101	The meeting and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceeding of the directors so far as the same are applicable hereto and are not superceded by any regulations made by the directors under the last preceding Articles.
Resolution by Circulation	102	A resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, if the resolution has been circulated in draft together with the necessary papers if any, to all the directors or to all the members of the Committee then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other directors or members of the Committee at their usual address in India and has been approved by such of the Directors or members of the Committee then in India or by a majority of such of them as are entitled to vote on the resolution
Acts or 130ard 01' Committees valid	103	All acts done by any meeting of the Board or by committee of the Board or by any person acting as a director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such director or persons acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, was qualified to be a director and not vacated his office or his appointment had nor been terminated provided that nothing in this Article shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have terminated.
Minutes of Proceeding or directors and committees to be kept	104	(a) The Board shall in accordance with the provisions of Section 193 of the Act cause minutes to be kept of every General Meeting of the Company or of every meeting of the Board or of every committee of the Board. (b) Any such minutes of any meeting of the Board or of any committee of the Board or of the Company in General Meeting, if kept in accordance with the provisions of sections 193 of the Act, shall be evidence of the matters stated in such minutes.
POWER OF DIRECTORS		
Powers of the Board	105	Subject to the provisions of the Act, the control of the company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorized to exercise and do provided that the Board shall not exercise any power to do any act or thing which is directed or required whether by the Act or in other statute or by the Memorandum of the Company or by these Articles or otherwise to be exercised or done by the Company in general meeting provided further that in exercising any such power or doing any such act or things, the Board shall be subject to the provisions in that behalf contained in the Act on in the Memorandum of Association of the Company or these Articles but no regulations not inconsistent therewith and duly



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		made there under including regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid If those regulations had not been made.
Further powers of the Board	106	Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by the Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the directors shall have the following powers that is to say, power:
		(1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the company.
		(2) To pay and charge to the capital account of the Company any commission or interest lawfully payable under the provisions of Section 76 and 208 of the Act
		(3) Subject to Sections 292, 297 and other provisions of the Act to purchase or otherwise acquire for the Company any property. rights or privileges which the company is authorized to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit and on any such purchasers or other acquisitions to accept such title as the directors may believe or may be advised to be reasonable or satisfactory
		(4) At their discretion and subject to the provisions of the Act to pay for any property, right or privileges acquired by or services rendered to the Company either wholly or partly in cash or in shares, bonds, debentures, mortgages or other securities of the Company and any such share may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages, or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged
		(5) To secure the fulfillment of any contracts and engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit
		(6) To accept from any member, so far as may be permissible bylaw, surrender of his shares or any part thereof on such terms and conditions as shall be agreed
		(7) To appoint any person to accept and hold in trust for the Company any property belonging to the company or in which it is interested or for any other purposes and execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustees
		(8) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and or any claims or demands by or against the Company and to refer any differences to arbitration either according to Indian law or according to any foreign law and either in India or abroad and observe, perform or challenge any award made thereon
		(9) To act on behalf of the Company in all matters relating to bankruptcies Or insolvencies.
		(10) To make and give receipts, release and other discharges for moneys payable to the Company and for the claims and demands of the Company.
		(11) To invest and deal with any moneys of the company, not immediately required for the purposes thereof upon such security (not being shares of this company), or without security and in such manner as they may think fit and from time to time to vary or realise such investment. All investments, shall be made and held in the company's own name



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		(12) To execute in the name or on behalf of the Company, in favour of any directors or other person who may incur or be about to incur any personal liability whether as principal or surety for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other power, provisions, covenants and agreements as shall be agreed upon
		(13) To determine from time to time persons who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend, warrants, releases, contracts and documents and to give the necessary authority for such purpose
		(14) To distribute by way of bonus amongst the staff of the company, a share in the profits of the Company and to give to any officer or other person employed by the Company, a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.
		(15) To provide for the welfare of directors or ex-directors or employees or ex-employees of the Company and the wives, widows and families or the dependants or connection of such persons by building or contributing to the building of houses, dwellings or chawis or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions funds or trusts and by providing or subscribing or contributing towards places of interest and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and to subscribe or contribute or otherwise to assist or to guarantee moneys to charitable benevolent, religious, scientific, national or other institution, bodies and objects which shall have any moral or other claim to support or aid by the company, either by reason of locality of operation or of public and general utility or otherwise.
		(16) To appoint at their discretion, remove or suspend such general managers, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal medical or economic advisers, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments or remuneration and to require security in such instances and of such amount as they may think fit and from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit
		(17) To comply with the requirements of any local bodies which in their opinion shall in the interest of the Company, be necessary or expedient to comply with
		(18) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Board and to fix their remuneration
		(19) From time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board and to authorise the members for the time being of any such local Board or many of them to fill up any vacancies there in and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board thinks fit and may at any time remove any person so appointed and may annul or vary such delegation.
		(20) At any time and from time to time by powers of attorney under the Seal of the Company to appoint any person or persons to be attorney or attorneys of the



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		Company for such purposes and with. such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the powers to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any company or the shareholders, director, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers of the protection on conveniences of persons dealing with such attorneys as the Board may think fit.
		(21) for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind any and all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient
		(22) To sell, lease or otherwise dispose off any of the properties or under takings of the Company
MANAGING DIRECTORS		
	107	The Board may from time to time, appoint one or more Directors to be Managing Director or whole-time Directors of the Company either for a fixed term or without any limitation as. to the period for which he or they is or are to hold such office, and may, from time to time subject to the provisions of any contract between him or them and the company, remove or dismiss him or them from office and appoint another or others in his or their place or places.
	108	A manager or whole-time Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company subject to provisions of the Act.
	109	Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 292 thereof, the Board may from time to time entrust to or confer upon the Managing Director or whole-time Director for the time being such of the powers exercisable under these presents by the Directors as they may think fit and may confer such powers for such time and conditions and with such restrictions as they think fit, and they may confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.
Special Positions of Managing Director	110	Subject to the provisions of the Act the Managing Director or whole time Director shall not, while he or they continue to hold that office, be subject to retirement by rotation.
SEAL		
The Seal, its custody and use	111	The Board shall provide a common seal for the purpose of the Company and shall have powers from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the seal for the time being and the seal shall never be used except by the authority of the Board or a committee of the Board previously given. The Company shall also be at liberty to have an official Seal in accordance with Section 50 of Act for use in any territory, district or place outside India
	112	Every Deed or other instruments to which the Seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney be signed by one director and the secretary or some other person appointed by the Board for the purpose, provided nevertheless that certificate of shares may be



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		sealed in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or the statutory modification or re-enactment thereof for the time being in force.
DIVIDENDS		
How Profits shall be divisible	113	Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto, the profits of the Company which it shall from time to time determine to divide in respect of any year or other period shall be applied in the payment of a dividend on the equity shares of the Company but so that a partly paid-up share shall only entitle the holder with respect thereto such proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid-up in advance of calls upon the following that same shall carry interest, such capital shall not with carrying interest confer a right to participate in profit.
Declaration of dividends	114	The Company in General Meeting may declare dividends to be paid to the members according to their rights and interest out of the profits and may fix the time for payment
	115	No larger dividend shall be declared than is recommended by the Directors but the company in General Meeting may declare a smaller dividend
	116	No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits
Ascertainment of amount available for dividend	117	When any assets, business or property is bought by the Company as from a past date upon terms that the Company shall as from the date take the profits and bear the losses thereof such profits and losses as the case may be shall, at the discretion of the Directors, be so credited or debited wholly or in part to the Profit and Loss Account and in that case the amounts so credited or debited shall for the purpose of ascertaining the fund available for dividend be treated as a profit or loss arising from the business of the Company and available for dividend Accordingly, if any shares or securities are purchased with dividend or Interest, the dividend or interest when paid may at the discretion of the directors be treated as revenue and it shall not be obligatory to capitalize the same or any part thereof.
What to be deemed net Profits	118	The declaration of the directors as to amount of the net profits of the company shall be conclusive.
Interim dividend	119	The director may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.
Debts may be reduced	120	The Directors may retain dividends on which the Company has a lien and may apply the same in or towards satisfaction of debts liabilities or engagements in respect of which the lien exists.
Dividend and call together	121	Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against call.
No members receive dividend whilst indebted to the Company and right of reimbursement there out	122	No member shall be entitled to receive payment of any interest or dividend in respect of his shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise however either alone or jointly with any other persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.
Transfer of shares must be registered	123	A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
Dividend how remitted	124	(a) Unless otherwise directed any dividend may be paid by a cheque or warrant or by a pay slip or receipt having the force of cheque or warrant sent through the



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		post to the registered address of the member or person entitled or in case of joint-holders to that one of them first named in the Register of Member in respect of the joint-holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission or for any dividend lost to the member or person entitled thereto by any forged endorsement of any cheque or warrant or forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means. If several persons are registered as joint-holders of any shares, anyone of them can give effectual receipts for any dividends or other moneys payable in respect thereof.
Unpaid Dividend Account		(b) Subject to the provisions of Section 205A, 205B and 206A of the Companies Act, 1956, the unpaid or unclaimed dividend amount shall be transferred by the Company to a special account to be opened in any scheduled bank to be called "Unpaid Dividend Account" of the Company.
CAPITALISATION OR RESERVES		
Capitalization of reserves	125	Any General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of any reserves or any capital redemption reserve fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of shareholders in paying up in full any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum provided that any sum standing to the credit of a share premium account or a capital redemption reserve fund may for the Purpose of this Article only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
Surplus money	126	A general meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income-tax, be distributed among the members on the footing that they receive the same as capital.
Fractional certificate	127	For the purpose of giving effect to any resolution under the preceding two Articles the Board may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite a proper contract shall be filed in accordance with Section 75 of the Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund and such appointment shall be effective.
BOOKS AND DOCUMENTS		
Books of accounts to be kept	128	The directors shall cause to be kept proper books of accounts in accordance with Section 209 of the Act with respect to (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;



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		(b) all sales and purchases of goods by the Company; (c) the assets and liabilities of the Company Provided that the said proper books of account shall be kept on accrual basis and according to the double entry system of accounting.
Where to be kept	129	The books of account shall be kept at the office or subject to the provision of Section 209 of the Act at such other place as the directors think fit and shall be open to inspection by the directors during the business hours
Inspection by members	130	The directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of the members not being directors and no members (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the directors.
Statement of accounts to be furnished to General Meeting	131	The directors shall, from time to time, cause to be prepared and to be laid before the Company in Annual General Meeting such profit and Loss Accounts, Balance Sheets and reports as are referred to in the Act.
Account to be sent to each member	132	A copy of every such Profit and Loss Account and Balance Sheet (including the Auditor's Report and every other document required by law to be annexed or attached to the Balance Sheet) shall, at least twenty one days before the meeting at which the same are to be laid before the members, be sent to the members of the Company, to holders of debentures issued by the Company (not being debentures which ex facie are payable to bearer thereof), to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meeting of the Company provided that a copy of the documents aforesaid shall not be required to be sent when the shares of the Company are listed on a recognised stock exchange, if and copies of the documents aforesaid are made available for inspection at the Registered office during working hours for period of twenty-one days before the date of the meeting and a statement containing the salient features of such document? in the prescribed form or copies of the documents aforesaid, as the company may deem fit, be sent to every member of the company and to every trustee for the holders of any debentures issued by the company not less than twenty-one days before the date of the meeting as per provisions of Section 219 of the Act.
AUDIT		
Account to be audited	133	Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 to 227 of the Act
Accounts when audited and approved to be conclusive	134	Every account of the Company when audited and approved by the General Meeting shall be conclusive
WINDING UP		
Liquidator may divide assets in specie	143	The liquidator on any winding up (whether voluntary, under supervision or compulsory) may, with the sanction of a special resolution/orders of the court but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit.
INDEMNITY AND RESPONSIBILITY		
Indemnity	144	Subject to the provisions of Section 201 of the Act every director, manager, officer or servant of the company or any person (whether an officer of the company or not) employed by the company as auditor shall be indemnified out of the funds of the Company against all claims and it shall be the duty of the directors to payout of the funds of the Company, all costs, charges, losses and



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		damages which any such person may incur or become liable to by reason of any contract entered into or act or thing done, about the execution or discharge of his duties or supposed duties (except such if any, as he shall incur or sustain through or by his own wilful act, neglect or default) including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such director, manager, officer or auditor in defending any proceeding whether civil or criminal in which judgment is given in his favor or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
	145	Subject to the provision of the Act, no director, auditor or other officer of the Company shall be liable for the act, receipts, neglects defaults of any other director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the director for on behalf of the Company or for the insufficiency or deficiency or any security in or upon which any of the money of the Company shall be invested or for any loss or damages arising from the bankruptcy, insolvency or tortuous act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by an error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.
	146	No member shall be entitled to visit or inspect any works of the company without the Permission of the directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors it would be inexpedient in the interest of the Company to disclose.



SECTION XII - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Offer Document) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Offer Document, delivered to the Registrar of Companies, Rajasthan located at Jaipur for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered office of our Company situated at, H-81, RIICO Extension, Pur Road, Bhilwara – 311 001, Rajasthan, India from 10.00 a.m. to 4.00 p.m. from the date of this Offer Document to until the date of Closing of the Issue.

A. Material Contracts:

1. Memorandum of Understanding dated November 02, 2009 entered between our Company and Ashika Capital Limited, the Book Running Lead Manager.
2. Memorandum of Understanding dated September 29, 2009 entered into by our Company with Adroit Corporate Services Pvt. Ltd., to act as the Registrar to the Issue.
3. Memorandum of Understanding dated December 05, 2009 entered into by our Company with BOB Capital Markets Ltd. to act as the Co- BRLM to the Issue.
4. Escrow agreement dated [●] between our Company, BRLM, Co-BRLM, Registrar, the Syndicate Members and the Escrow Collection Banks.
5. Syndicate Agreement dated [●] between our Company, BRLM, Co-BRLM and the Syndicate Members.
6. Underwriting Agreement dated [●] between our Company, BRLM, Co-BRLM and the Syndicate Members.
7. Tripartite agreement between the Company, CDSL and Corporate Services Pvt. Ltd. dated [●]
8. Tripartite agreement between the Company, NSDL and Corporate Services Pvt. Ltd dated [●]

B. Material Documents:

1. Memorandum and Articles of Association of our Company as amended from time to time.
2. Certificate of Incorporation dated January 23, 1998, issued by the Registrar of Companies, Rajasthan Jaipur.
3. Copy of the resolution passed under Section 81(1A) of the Companies Act, 1956 at the meeting of the Board of Directors held on August 08, 2009.
4. Copy of the resolution passed by the shareholders at EGM held on September 02, 2009 under Section 81(1A) of the Companies Act, 1956 in relation to this issue and other related matters as mentioned below:
 - (i) Alteration in the Memorandum of Association pursuant to increase in Authorised Capital of the Company



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- (ii) Appointment of Mr. Sudeep Malu as Managing Director and approving his terms of appointment
 - (iii) Alteration of Articles of Association
 - (iv) Giving authority to Board of Directors to borrow under Section 293(1) (d) of the Companies Act, 1956
5. Copy of resolution of the meeting of board of directors of the company held on November 21, 2009 interalia constituting the Audit Committee, Investor's Grievance Committee and Remuneration Committee.
 6. Copies of Annual reports of our Company for the years March 31, 2006, 2007, 2008, June 30, 2009 and financial statements for 4 months ended October 31, 2009.
 7. Report of the statutory Auditor M/s R. C. Somani & Associates, Chartered Accountants, dated November 21, 2009 for restated financial statements as mentioned in the DRHP.
 8. Letter dated November 21, 2009 from the auditors of our Company M/s R. C. Somani & Associates, Chartered Accountants confirming tax benefits and tax shelter as mentioned in the DRHP.
 9. Consent letter dated October 29, 2009 from statutory auditors, M/s R. C. Somani & Associates, Chartered Accountants.
 10. Certificate from the auditors M/s R. C. Somani & Associates, Chartered Accountants dated December 02, 2009 regarding the sources and deployment of funds.
 11. Copy of the Board Resolution dated October 19, 2009 regarding appointment of Ms. Neha Jain as our Company secretary and compliance officer.
 12. Copies of Undertakings from Sumatex Limited.
 13. Consents of BRLM, Co-BRLM, Auditors, Bankers to our Company, Legal Advisors, Directors, Company Secretary & Compliance Officer, Registrars and Bankers to the Issue, to include their names in the Offer Document to act in their respective capacities.
 14. Legal Due Diligence Report dated December 05, 2009 from Alliance Corporate Lawyers & Co, Advocates as Legal Advisors to the Issue.
 15. In principle listing approval from BSE and NSE vide their letter dated [●] and dated [●] respectively;
 16. Due Diligence Certificate dated December 07, 2009 to SEBI from Ashika Capital Ltd.
 17. Due Diligence Certificate dated December 07, 2009 to SEBI from BOB Capital Markets Ltd.
 18. No Objection certificate to carry on the proposed public issue from Bank of Baroda, Pur Road Branch, Bhilwara that have sanctioned overdraft facility.
 19. Interse allocation Statement between BRLM and Co- BRLM
 20. IPO grading report of [●] dated [●]
 21. Final observation letter from SEBI dated [●] and reply of the BRLM to the same dated [●]
 22. Copy of resolution passed at the meeting of Board of Directors held on December 07, 2009 for approving this DRHP.

Any of the contracts or documents mentioned in this DRHP may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act 1992, as the case may be, have been complied with and no statement in this DRHP is contrary to the provisions of the Companies Act, 1956, the Securities Exchange Board of India Act, 1992, or the rules made there under or guidelines issued, as the case may be. All the said legal requirements connected with this issue as also the guidelines, instruction etc, issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We, the Directors of Sumatex Limited, hereby declare and confirm that no information/ material likely to have a bearing on the decision of the investors in respect of the Equity Shares issued in terms of this DRHP has been suppressed/ withheld and/ or incorporated in the manner that would amount to misstatement/ misrepresentation. We further certify that all the statements in this DRHP are true and correct.

SIGNED BY

Sudeep Malu
Managing Director

Sudeep Malu

Sunil Agarwal
Executive Director

Sunil Agarwal

Surendra Chandna
Director

Surendra Chandna

Suresh Kogata
Director

Suresh Kogata

Naveen Kakani
Director

Naveen Kakani

Deepa Heda
Director

Deepa Heda

Jagraj Singh Choudhary
Director

Jagraj Singh Choudhary

Neha Jain
Company Secretary & Compliance Officer

Neha Jain

Place: Bhiwara

Date: December 07, 2009



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