



SCOTTS GARMENTS LIMITED

[Scotts Garments was formed on 01/12/1992 as partnership firm under the Indian Partnership Act, 1932. The partners of Scotts Garments promoted a Private Limited Company under Companies Act, 1956 as 'Scotts Garments Private Limited' vide Certificate of Incorporation dated 01/03/2002 issued by the Registrar of Companies, Bangalore, Karnataka and acquired the business of "Scotts Garments". The Company was subsequently converted into a public company and the name was changed to 'Scotts Garments Limited' and received a Certificate of Change of Name on 19/06/2007. The Corporate Identity Number of the Company is 'U18101KA2002PLC030185']

Registered Office: 481-B, Peenya Industrial Area, Peenya IV Phase, Bangalore – 560 058;

Tel.: +91-80-40858585/41179001/41179002/41179003; **Fax:** +91-80- 41179007 / 28362452; **Website:** www.scottsgarments.com;

Contact Person: Mr. S. Guruswamy Babu, Company Secretary & Compliance Officer; **E-mail:** cs@scottsgarments.com

PUBLIC ISSUE OF 1,05,06,954 EQUITY SHARES OF ₹ 10/- EACH ("EQUITY SHARES") OF SCOTTS GARMENTS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE), AGGREGATING TO ₹ [•] LACS (THE "ISSUE"). UPTO 4,50,000 EQUITY SHARES WILL BE RESERVED IN THE ISSUE FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE". THE ISSUE WOULD CONSTITUTE 26.95 % OF THE POST ISSUE PAID -UP CAPITAL OF THE COMPANY. THE NET ISSUE TO PUBLIC WOULD CONSTITUTE 25.80 % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: ₹ 130/- TO ₹ 132/- PER EQUITY SHARE

THE ISSUE PRICE IS 13 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 13.2 TIMES OF THE FACE VALUE

AT THE HIGHER END OF THE PRICE BAND

THE PROMOTER OF THE COMPANY IS MR. NASEER AHMED

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three (3) additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding ten (10) days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and at the terminals of the Syndicate Member. The Issue is being made through the 100% Book Building Process wherein 25% of the Net Issue shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers. Further, 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. 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 be added to the QIB portion and be available for allocation proportionately to the QIB Bidders. Further, not less than 40% of the Net Issue shall be made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is ₹ 10/- per equity share and the Issue Price is [•] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered 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 the Company nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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 the Company and the Issue including the risks involved. The Equity Shares issued 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 Red Herring Prospectus. Specific attention of the investors is invited to the statements in the section titled "Risk Factors" beginning on page. 1 of this Red Herring Prospectus

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and this Issue, which is material in the context of this Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects 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 make this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of the Company are proposed to be listed on Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Company has received in-principle approvals from these Stock Exchanges for the listing of the Equity Shares pursuant to their letters dated 21/12/2010 and 11/01/2011 respectively. For the purpose of the Issue, BSE is the Designated Stock Exchange.

IPO GRADING

The issue has been graded by CARE and has been assigned the IPO Grade 3 indicating average fundamentals vide their letter dated 01/03/2013. For further details and rationale of grading please refer page no. 30.

BOOK RUNNING LEAD MANAGER TO THE ISSUE	CO-BOOK RUNNING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
KEYNOTE KEYNOTE CORPORATE SERVICES LTD. The Ruby, 9 th Floor, Senapati Bapat Marg, Dadar (w), Mumbai – 400028 Tel: +91-22- 30266000-3; Fax: +91-22- 30266088 Website: www.keynoteindia.net E-mail: mbd@keynoteindia.net Contact Person: Mr. Girish Sharma SEBI Registration No.: INM 000003606 AIBI No.: AIBI/ 040	 CANARA BANK - MERCHANT BANKING DIVISION Himalaya House, 407,4th Floor, 79, Mata Ramabai Ambedkar Marg, Mumbai – 400 001 Tel: +91-22-22677405/06 Fax: +91-22-22677404 Website: www.canarabank.com E-mail: mbdcomcity@canarabank.com Contact Person: Mr. Vasant Sapkale SEBI Registration No.: INM 000002558	 LINK INTIME INDIA PVT. LTD. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400078 Tel: +91-22-25963838/25946970 Fax: + 91-22-25946969 Website: www.linkintime.co.in E-mail: sgl.ipo@linkintime.co.in Contact Person: Mr. Sachin Achar SEBI Registration No.: INR000004058

ISSUE SCHEDULE

BID/ ISSUE OPENS ON : THURSDAY, APRIL 25, 2013

BID/ ISSUE CLOSES ON : MONDAY, APRIL 29, 2013

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DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL OR GENERAL TERMS

TERM	DESCRIPTION
Companies Act	The Companies Act, 1956, as amended from time to time.
FCNR Account	Foreign Currency Non Resident Account
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Indian GAAP	Generally Accepted Accounting Principles in India.
Insurance Act	Insurance Act, 1938, as amended from time to time.
IT Act	The Income Tax Act, 1961, as amended from time to time.
IT Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.

ISSUE RELATED TERMS

TERM	DESCRIPTION
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Allottee	A successful Bidder to whom the Equity Shares are allotted
ASBA/ Applications Supported by Blocked Amount	An application for subscribing to an issue, containing an authorization to block the application money in a bank account.
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Investor/ ASBA Bidders	Prospective Investors in this Issue who intend to Bid/apply through ASBA
ASBA Form	Bid cum Application form for ASBA Investor intending to subscribe through ASBA
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in section titled "Issue Procedure" on page no.238
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/ Application cum Bidding Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus.



TERM	DESCRIPTION
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process	Book building mechanism as provided under Schedule XI of the SEBI Regulations, in terms of which this Issue is made.
BRLM	Book Running Lead Manager to this Issue, in this case being Keynote Corporate Services Limited.
CAN/ Confirmation of Allotment Note	The note or advice or intimation of allotment of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Co-BRLM	The Co-Book Running Lead Manager to this Issue, in this case being Canara Bank Merchant Banking Division
Cut-off	The Issue Price finalised by the Company in consultation with the BRLM and Co-BRLM. Only Retail Individual Bidders and Employees applying under Employee Reservation Portion who are applying for a maximum bid amount not exceeding ₹ 2,00,000/- are entitled to Bid at the Cut-off Price, for a bid amount not exceeding ₹ 2,00,000/-. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
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 Branches	Such branches of the SCSBs which shall collect the ASBA Forms and a list of which is available on http://www.sebi.gov.in/pmd/scsb.html or at such other website as may be prescribed by SEBI from time to time
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, Bangalore, Karnataka, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited.
Draft Red Herring Prospectus/DRHP	The Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Eligible NRI's	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe or purchase the Equity Shares offered thereby
Employee, Employees or Eligible Employees (in the Employee Reservation Portion)	"Employee" means a permanent and full-time employee, working in India or abroad, of the issuer or of the holding company or subsidiary company or of that material associate(s) of the issuer whose financial statements are consolidated with the issuer's financial statements as per Accounting Standard 21, or a director of the issuer, whether whole time or part time and does not include promoters and an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of that person or of the spouse)
Employee Reservation Portion	The portion of the Issue, being a maximum of 4,50,000 Equity Shares which is not exceeding 5% of the post issue capital of the Company, available for allocation to the Employees, as per Regulation 42 of the SEBI (ICDR) Regulations, 2009.
Equity Shares	Equity Shares of the Company of face value of ₹ 10 each unless otherwise specified in the context thereof.



TERM	DESCRIPTION
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks, 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.
Escrow Collection Bank(s)	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 Axis Bank Limited, HDFC Bank Limited, IndusInd Bank Limited, Canara Bank and IDBI Bank Limited.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized 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	The issue of 1,05,06,954 Equity Shares of ₹ 10 each fully paid up at the Issue Price aggregating ₹ [●] Lacs.
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	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company consultation with the BRLM and Co-BRLM, on the Pricing Date.
Key Management Personnel/Key Managerial Personnel/KMP	Officers vested with executive powers and the officers at the level immediately below the board of directors of the issuer and includes any other person whom the issuer may declare as a key management personnel
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 100% to all applicants
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Funds Portion	5% of the QIB Portion
Net issue	The Issue other than the Equity Shares included in the Employee Reservation Portion, subject to any addition of Equity Shares pursuant to any under-subscription under the Employee Reservation Portion.
Non Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000/-.
Non Institutional Portion	The portion of this Issue being not less than 40% of the Net Issue consisting of 40,22,782 Equity Shares of ₹ 10/- each aggregating ₹ [●] Lacs, available for allocation to Non Institutional Bidders.
Non Syndicate Member	Brokers forming part of nationwide broker network of Stock Exchanges in terms of SEBI circular no. CIR/CFD/14/2012 dated 04/10/2012
Offer Document	Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus
Pay-in Date	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	The period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date;
Price Band	The price band of a minimum price ("Floor Price") of ₹ 130/- and the maximum price ("Cap Price") of ₹ 132/- and includes revisions thereof.



TERM	DESCRIPTION
Pricing Date	The date on which the Company in consultation with the BRLM and Co-BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Bangalore, Karnataka 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 and from the SCSBs from the bank accounts of the ASBA Bidders for this Issue on the Designated Date.
QIB Portion	Consists of 25,14,238 Equity Shares of ₹ 10 each aggregating ₹ [•] lacs being 25% of the Net Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	A mutual fund, venture capital fund and foreign venture capital investor registered with the Board; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
Red Herring Prospectus/RHP	The Red Herring Prospectus 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, Bangalore, Karnataka at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Bangalore, Karnataka, after pricing and allocation.
Refund account	The account opened with the Refund Banker, from which refunds, (excluding refunds to Bidders applied through ASBA), if any, of the whole or part of the Bid Amount shall be made
Registrar/ Registrar to this Issue	Link Intime India Pvt. Ltd.
Resident Retail Individual Investor	A Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999
Retail Individual Bidders	Individual Bidders (including HUFs and Eligible Employees) who have Bid for an amount less than or equal to ₹ 200,000 in any of the bidding options in this Issue.
Retail Portion	Consists of 35,19,934 Equity Shares of ₹ 10/- each aggregating ₹ [•] Lacs, being not less than 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).
Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Application Supported by Blocked Amount and recognized as such by the Board.
Specified Cities	Cities as specified in the SEBI Circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot,



TERM	DESCRIPTION
	Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat for submission of Bid Cum Application by ASBA Bidders.
Syndicate	The BRLM and Co-BRLM and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue (excluding Bids from ASBA Bidders submitting their Bids at centres other than Specified Cities)
Syndicate Member	Keynote Capitals Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Member to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.

COMPANY RELATED TERMS

TERM	DESCRIPTION
“SGL”, “Scotts” “the Company”, “We”, “us” and “our”	Unless the context otherwise requires, refers to Scotts Garments Limited a public limited company incorporated under the provisions of Companies Act, 1956.
Articles/ Articles of Association	The Articles of Association of the Company i.e., Scotts Garments Limited.
Auditors	The Statutory Auditors of the Company, being M/s Siddaiah & Ram, Chartered Accountants, Firm Registration no. 03860S. The Peer Review Auditor of the Company being M/s. G. Anantha & Co., Chartered Accountants, Firm registration No. 005160S, Peer Review No. FRN 005160S/002610.
Board of Directors/ Board	The Board of Directors of the Company or a committee constituted thereof.
Director(s)	Director(s) of the Company unless otherwise specified.
Emerging India Growth Fund CVCF V	Canara Bank Venture Capital Fund in its status and as Trustee and Investment Manager of Emerging India Growth Fund (the fifth fund) of the Canbank Venture Capital Fund
Project Consultant /Gherzi/GEL	Gherzi Eastern Limited
Memorandum/ Memorandum of Association	The Memorandum of Association of the Company.
Registered Office of the Company	481-B, Peenya Industrial Area, Peenya IV Phase, Bangalore - 560058

INDUSTRY RELATED TERMS AND ABBREVIATIONS

TERM/ ABBREVIATION	DESCRIPTION/FULL FORM
AEPC	Apparel Export and Promotion Council
CAD	Computer Aided Design
CAM	Computer Aided Machine
CARE IPO Grade 3	Average fundamentals
CARE BBB (Triple B)	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE A3+ (A Three Plus)	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations. Such instruments carry higher credit risk as compared to instruments rated in the two higher



TERM/ ABBREVIATION	DESCRIPTION/FULL FORM
	categories.
CDR	Continuous Dyeing Range
CVCFL	Canbank Venture Capital Fund Limited
DEPB	Duty Entitlement Pass Book
EU	European Unions
GATT	General Agreement on Tariff and Trade
Kg	Kilogram
MFA	Multi Fibre Agreement
M Ha	Million Hectares
Sq. Mts	Square Meters
TUFS	Technology Upgradation Fund Scheme

ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AMBI	Association of Merchant Bankers of India
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
ASBA	Application Supported by Blocked Amount
AY	Assessment Year
BSE	Bombay Stock Exchange Limited.
BG/LC	Bank Guarantee/ Letter of Credit
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
DP	Depository Participant
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number.
GoI/ Government	Government of India.
HUF	Hindu Undivided Family.
₹/INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
IPO	Initial Public Offer
I.T. Act	The Income Tax Act, 1961, as amended from time to time
NAV	Net Asset Value.
NECS	National Electronic Clearing Service



ABBREVIATION	FULL FORM
NEFT	National Electronic Fund Transfer
NR	Non Resident
NRE Account	Non Resident External Rupee Account
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, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.
NRO Account	Non Resident Ordinary Rupee Account
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC/Registrar of Companies	Registrar of Companies, Bangalore, Karnataka
RoNW	Return on Net Worth.
RTGS	Real Time Gross Settlement
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.

Notwithstanding the foregoing:

- a. In the section titled “Financial Statements” on page 166 of this Offer Document, defined terms shall have the meaning given to such terms in that section.
- b. In the section titled “Main Provisions of the Articles of Association of the Company” on page 279 of this Offer Document, defined terms have the meaning given to such terms in the Articles of Association of the Company.



PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Red Herring Prospectus is derived from the Company's restated financial statements as of October 31, 2012, March 31, 2012, 2011, 2010, 2009, and 2008 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Regulations, as stated in the report of the statutory Auditors.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2012), are to the fiscal year ended March 31 of a particular year.

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

All references to ₹ or 'Rupees' or 'Rs.' are to Indian Rupees, the official currency of the Republic of India. One crore is the unit in the Indian numbering system representing 10 million or 100 lac and one lac is the unit in the Indian numbering system representing 100,000; thus, for example, ₹ 10 crore equals ₹ 100 million. All references to '\$', 'US\$' or 'U.S. Dollars' are to United States Dollars, the official currency of the United States of America.

Market data used in this Red Herring Prospectus has been obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes the market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

FORWARD-LOOKING STATEMENTS AND MARKET DATA

We have included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- The Company’s ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet capital expenditure requirements;
- Fluctuations in operating costs;
- Unanticipated variations in the duration, size and scope of the projects;
- Our ability to attract and retain qualified personnel;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors” “Business Overview” and “Management’s Discussion and Analysis” beginning on pages 1, 86 and 198 of this Red Herring Prospectus respectively. 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 Book Running Lead Manager, nor any of its 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 SEBI requirements, we and the Book Running Lead Manager 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.

SECTION I - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Company's Equity Shares. If any of the following risks occur, the business of the Company, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. There are certain risk factors mentioned where the effect is not quantifiable and hence not disclosed.

RISK FACTORS INTERNAL TO THE COMPANY

1. *Contingent liabilities not provided for, which if materializes may have an adverse effect on our financial condition and future financial performance.*

The contingent liabilities not provided for as on 31/10/2012 are as follows:

Particulars	Amount (₹ in lacs)
Letter of Credits issued by banker of the Company	2213.40
Liability on account of export obligation	15580.30
Estimated Amount of Capital Commitment	1875.00
Total	19668.70

In the event, any of the above contingent liabilities crystallizes it may have an adverse effect on our financial condition and future financial performance.

2. *We shall be applying for licenses and approvals to various statutory and regulatory bodies for the proposed factory unit to be set up at Kagal for which part of the issue proceeds shall be utilized at an appropriate time. Further, for the project at Doddaballapur our company is yet to obtain certain approvals. In the event there is delay in obtaining the licenses and approvals it may affect the commencement of operation and financials of the Company.*

As a part of expansion strategy we have set up new factory at Doddaballapur for manufacturing of garments and propose to set up another factory at Kagal for knitting and fabric processing for which the issue proceeds shall be utilized. We shall be applying for licenses and approvals to various statutory and regulatory bodies for the proposed factory unit at Kagal at an appropriate time. Further, for the project at Doddaballapur our company is yet to obtain certain approvals for which applications have already been made. The details of which are as under:

1. Approval from Chief Inspector of Factories, Karnataka State, No.3, 1st Cross Road, Gandhinagar, Bangalore - 560 009 for license under Factories Act 1948 and its rules;
2. Approval from Department of Ecology and Environment; Karnataka

Our Company shall apply for registration with Central Excise and Joint Director General of Foreign Trade at an appropriate time.

For the knitting and processing unit to be set up at Kagal the following licenses and approvals are to be obtained. Presently, the Company has not been allotted land and hence we shall make applications for the requisite approvals post allotment of land.

- 1 Approval from Maharashtra Pollution Control Board
- 2 License under Factories Act
- 3 License under Shops and Establishment Act
- 4 Other Commercial registrations under the indirect tax authorities.

Our Company shall also apply for any other licenses and approvals as required for commencement of operations. In the event of delay in obtaining the licenses or approvals, it may affect the commencement of factory operations and the financials of the Company.

- 3. We have business relationship and association with Bombay Rayon Fashions Limited (BRFL) for last few years. We and BRFL have cross investments in the shares of our Companies and enjoy trade relationship with each other. Our Promoter Mr. Naseer Ahmed is one of the non-executive and non-independent member on the Board of BRFL. Our proposed Project of Knitting and Fabric processing at Kagal Industrial Textile Technology Park, developed by Kagal Industrial Textile Technology Park Private Limited is an SPV promoted by BRFL. Further, B.R.Machine Tools Pvt. Ltd, a group company of BRFL has also invested in the equity shares of our Company. Also some of the promoters & Promoter Group Companies of BRFL are shareholders/directors in few of our group companies.*

Our Company enjoys business relationship with Bombay Rayon Fashions Limited for last few years. During F.Y.2011-12, our Company has entered into various purchase and sales transaction with BRFL aggregating to ₹7864.02 lacs. Our Promoter Mr. Naseer Ahmed is Joint Vice Chairman (non executive and non-independent) in BRFL. Our Company holds 12,61,397 equity shares i.e. 0.94% of the paid up capital of BRFL. BRFL holds 20,00,000 equity shares i.e. 7.48% of the present paid up equity capital of our Company. Our proposed Project of Knitting and Fabric processing is at Kagal Industrial Textile Technology Park, developed by Kagal Industrial Textile Technology Park Private Limited, an SPV promoted by BRFL. Further, B.R. Machine Tools Private Limited, a group company also holds 30,05,500 equity shares i.e. 11.24% of the present paid up equity capital of our Company. Also some of the promoters & Promoter Group Companies of BRFL are shareholders/directors in few of our group companies. The details of shareholding of BRFL related entities or directorships in our group companies are appearing between page no.155 to 163 under the section titled "Promoter Group".

- 4. Our Company and BRFL have entered into a joint Memorandum of Understanding (MOU) with Government of Karnataka for setting up of textile units at 12 locations in Karnataka. Our Company and BRFL have mutually agreed to independently set up textile units at 5 and 7 locations respectively. The present project at Doddaballapur is one of the locations forming part of MOU.*

Our Company and BRFL had submitted a joint proposal to Karnataka Udyog Mitra (KUM, a Govt. Of Karnataka undertaking responsible to facilitate investment and assist investors in the state) for setting up of units at 12 locations. On acceptance of the proposal, a joint MOU was entered by our Company, BRFL and Govt. of Karnataka at Global Investors Meet on 3rd/4th June 2010. For details of MOU, please see section titled "History and Other Corporate Matters" appearing on page no.133. These locations include 2 units at Doddaballapur and one each at Hassan, Thippansandra Village - Kolar, KGF Apparel Park, Gowribidanur, Chikkaballapur, Chitradurga, Shimoga, Mudhol, Siddlaghatta and Srinivaspura. Our Company and BRFL have mutually agreed on setting up independent projects at 5 and 7 locations respectively of the said 12 locations. Our Company has proposed to set up units at Doddaballapur, Hassan, Thippasandra village-Kolar, K.G.F. Apparel Park and Sidlaghatta whereas BRFL is planning to set up units at other seven locations. There would not be any investment by our Company in the units to be set up by BRFL and vice-versa.

- 5. Our export revenue has contributed more than 90% of the total revenue in last few financial years. Our substantial portion of sales revenue is concentrated in European Region. In the event of any economic turmoil in these regions our revenue would be substantially impacted.*

Our business model primarily focuses on the export of manufactured Ready Made Garments to European and other regions of the world. In the last few years we have earned more than 90% of revenue from the exports of our garments to international clients of other countries especially in Europe. We believe that the factors like, sound understanding of European fashion trend, diligent in providing the quality product, timely delivery schedule and customer relationship has helped us to increase our customer base at European region. In F.Y.2011-12, European region contributed around ₹ 32373.00 lacs valuing around 76% of total export sales which include countries like, Germany, UK, France, Spain, Denmark and others. Our business model couples us with the global economy that provides opportunities to tap the different market segment and at the same time also links us with the risk of economic downturn and the volatility in global financial markets that may

have an adverse impact on our business. In the event we are unable to sustain or insulate the business or hedge the financial position, the adverse economic and geopolitical conditions may result in large impact on our financial standing.

6. *Our major portion of the sales in F.Y.2011-12 was from top ten customers. Any loss of order from these customers may have adverse impact on the financials of the Company.*

Our sales revenue is dependent on top 10 customers who accounted for approx 80.66% of total sales in F.Y. 2011-12. The major contributor of sales for F.Y.2011-12 was Best Seller – Denmark, contributing 62.60%, of total revenue from operations whereas the other major contributor was BRFL with 7.79% and Old Navy, USA with 4.44%. We presently do not have any long term contract or agreement with our customers and hence the sale to each customer is dependent on our ability to manufacture quality products that meet their specification and delivery schedule. In the event we are unable to meet their requirements or expectations for reasons beyond our control it may lead to loss of orders from these customers and affect the revenues and profitability of the Company.

7. *Raw materials constitute a significant percentage of our total expenses. Any increase in raw material prices and any decrease in the supply of raw materials could materially affect our business.*

Raw material cost constituted 67.72% and 51.78% of our total expenses of ₹ 42852.14 lacs and ₹ 42704.84 lacs in F.Y.2012 and F.Y.2011 respectively. Our primary raw material is cotton, polyester and denim fabrics for manufacturing of the garments. Presently, we purchase raw material from the domestic market and international market. Though the prices of raw material have been stable in the recent past but there can be no assurance that the prices of our raw materials will remain at same levels. Any upward trend in prices of raw material would have adverse effect on the business and financials.

Any material shortage or interruption in the supply or decrease in the quality of raw material due to factors beyond our control could result in increased production costs that we may not successfully be able to pass on to customers, which in turn would have a material adverse effect on our business.

8. *The cost of the knitting and fabric processing project at Kagal is based on the estimates as given by the Technical consultant - Gherzi Eastern Ltd. The deployment of the issue proceeds is entirely at the sole discretion of the company.*

The fund requirement for the proposed project at Kagal is based on the estimates as given by Gherzi Eastern Ltd. There is no guarantee that the estimates will prove to be accurate and any significant deviation in the estimates could adversely impact the operations and sustainability of the company. Deployment of the issue proceeds is entirely at the sole discretion of the company and no independent agency has been appointed to monitor its deployment.

9. *We have not yet placed orders for part of the plant & machinery and miscellaneous fixed assets requirements for our project at Doddaballapur and for the entire plant & machinery for the proposed project at Kagal as specified in the Objects of the Issue except for the second hand machineries. Any delay in procurement of plant & machinery, equipment, etc. may delay the implementation schedule which may also lead to increase in prices of these equipments, future affecting our costs, revenue and profitability.*

We propose to purchase plant & machinery worth ₹ 17204.15 lacs and miscellaneous fixed assets worth ₹ 2612.50 lacs from the proceeds of this Issue. We have already commenced the purchase of plant and machinery and miscellaneous fixed asset for Doddaballapur Project. As regards the project at Kagal, we have not yet placed orders for plant & machinery & miscellaneous fixed assets as specified in the section 'Objects of the Issue' except for the second hand machineries. We may be required to obtain fresh quotations at the time of placement of orders with the suppliers and the same may delay the process of ordering and procurement of plant & machinery, equipment, etc. Subsequently it may also delay the implementation schedule. We may also be subject to risks on price escalation of plant & machinery and other equipments that

we require. Hence our project could face time and cost over-run which could have an adverse effect on the operations of our Company.

10. We have not tied up or made any arrangements in respect of incremental working capital requirement for the objects of the issue.

We have not tied up for incremental working capital requirement for proposed expansion as stated in the chapter "Objects of the Issue" beginning on page no. 44 of this RHP. We shall approach our banks for enhanced limits at an appropriate time. If we are unable to tie up for working capital requirement, our operations and financial performance will be adversely affected.

11. We have issued Equity Shares under Pre-IPO placement prior to the date of the Red Herring Prospectus at a price that is lower than the Issue Price.

We have issued 17,39,130 equity shares of ₹ 10/- at an issue price of ₹ 115/- per equity share to Emerging India Growth Fund CVC V under Pre-IPO placement prior to the date of the Red Herring Prospectus. The price at which equity shares were allotted to CVCFL which is lower than the Issue Price.

The funds raised by way of the Pre-IPO Placement shall be utilized towards the objects of the Issue. For further details, please see "Objects of the Issue" on page 44.

12. If we are unable to obtain required approvals and licenses in timely manner, our business and operations may be adversely affected.

We may from time to time, require certain approvals, licenses, registrations and permissions for undertaking our business for which we are required to make applications to the respective statutory body. If we fail to obtain any of the required approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected. For further details please see section titled "Government/ Statutory and Business Approvals" beginning on page no. 208 and paragraph w.r.t Approvals/Certification/Licenses required for the proposed project appearing on page no. 217 & 218 of this Red Herring Prospectus.

13. We may not be able to implement our business and growth strategy according to our current plans

The success of our business largely depends on our ability to effectively implement and execute our business and growth strategy. We plan to grow relationships with existing clients and develop relations with new clients who are seeking to fill volume orders on an ongoing basis. This will reflect a change from our current practice of taking orders on a non-permanent basis. Provided that this strategy is successfully implemented, these new client relationships may help grow our business, however, they may also prove to be difficult for us to effectively manage. We do not have previous experience in filling high volume orders on an on-going basis. If we are unable to effectively manage long-term relationships based on large orders, we may experience an adverse impact on our efforts to grow our business. Further, lengthy qualification processes required by large U.S. and European value retailers may limit our ability to secure new value retail customers. Further, if we are unable to secure new customers in the future as a result of our not meeting such qualification requirements, our business, financial condition and results of operations could be materially and adversely affected.

14. We have been allotted Land in Plot No. D-3, D-4, A-3, A-10, A-11, S-43, S-44 and S-45 (P) admeasuring 57567.00 sq meters at Apparel Park Industrial Area, I Phase, Doddaballapur by Karnataka Industrial Areas Development Board (KIADB) on lease cum sale arrangement for a period of ten years (10 years). In terms of agreement dated 28/02/2011 between our Company and KIADB we are required to export 100% of the total production in value terms, per annum starting from the third year from date of taking possession i.e. 13/12/2010. In the event we do not comply with the covenant then KIADB may take appropriate action against us or levy a penalty as fixed by Government of Karnataka under the applicable laws and regulations.

We are raising resources to set up new manufacturing units at Apparel Park Industrial Area, I Phase, Doddaballapur. We have been allotted land on plot no. D-3, D-4, A-3, A-10, A-11, S-43, S-44 and S-45 (P) admeasuring 57567 sq. meters for total consideration of ₹ 619.00 lacs by KIADB. This land was initially

allotted on lease-cum-sale basis for period of 6 years vide allotment letter dated 25/03/2010. Subsequently, our Company (lessee) entered into a lease cum sale arrangement with KIADB (lessor) vide agreement dated 28/02/2011 for a revised period of ten years (10 years). During the subsistence of the lease period and also thereafter, that is during the interregnum between the expiry of the lease period and the execution of the sale deed, the lessee shall pay to the lessor yearly rent of ₹ 14,225/- and maintenance charges of ₹ 1,06,688/-. The other covenants include:

- The Lessee shall obtain the necessary clearance from the Department of Ecology and Environment.
- The Lessee shall create maximum possible additional employment opportunities and provide a minimum of 80% of the employment to the local people on an overall basis. However, the lessee shall employ 100% of the local people in case of Group C and D categories.
- The personal officer appointed by the Lessee shall be a Kannadia.
- The Lessee shall provide atleast one-person in each displaced family of the erstwhile landowners in respect of the land allotted to you depending upon their qualification and suitability to the post.
- The Lessee shall make arrangement for rainwater harvesting and ground water recharging in the plot allotted in consultation with Ecology and Environment Department.
- The Lessee shall start the industry after obtaining necessary licenses/ clearances/approval from the concerned, such as Government of India, State Government, Local Bodies, and Statutory Bodies etc.
- Export 100% of the total production in value terms, per annum starting from the third year from date of taking possession.

In the event, we are unable to fulfil the conditions as specified in the agreement and the allotment letter, it maybe considered as non compliance and the lessor may take appropriate action against us or levy a penalty as fixed by Government of Karnataka affecting our Company operationally or financially or both.

- 15. *We have been allocated land by KITTPL at A-1, Kagal Industrial Textile Technology Park, Kagal-Hatkanangale Five Star Indl. Area, Kagal - Dist Kolhapur, Maharashtra to be taken on leave and license basis for a period of 5 years for the knitting and fabric processing unit. The said land is yet to be allotted to our Company. In the event land is not allotted to the Company, we shall be required to identify new location for setting up the unit which may lead to delay and cost over runs in the project.***

We have been allocated 40,000 sq. meters of land by Kagal Industrial Textiles Technology Park (P) Limited (KITTPL) pursuant to Share Subscription Agreement (SSA) dated 18/01/2012 executed between our Company and KITTPL and in terms of letter dated 15/09/2012. In terms of the same, the said land shall be allotted to our Company on payment of ₹500.00 lacs towards the allotment of 50,00,000 equity shares of KITTPL of the face value of ₹10/- each and the Company entering into a leave and license agreement by paying an amount of ₹100.00 lacs as a non refundable deposit. The other terms and conditions shall be finalized at the time of entering into leave and license agreement. In the event land is not allotted to the Company, we shall be required to identify new location for setting up the unit which may lead to delay and cost over runs in the project.

- 16. *We are dependent on our management team for success whose loss could seriously impair our ability to continue to manage and expand business efficiently. The loss of service of the senior management could seriously impair the ability to continue to manage and expand the business efficiently.***

Our success largely depends on the continued services and performance of our management and other key employees. The loss of service of the senior management could seriously impair the ability to continue to manage and expand the business efficiently.


- 17. *Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.***

We presently have twenty one manufacturing units functional at Karnataka and Tamil Nadu. Out of total units 3 are owned, 1 is on lease cum sale and 17 are on lease basis. Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance

below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government and judicial authorities.

Due to environmental concerns the Hon'ble High Court of Tamil Nadu passed an order to shut down all the printing and dyeing units located at Tirupur. This order led to the temporary shutdown of our two printing and dyeing units at Tirupur from February 2011 to August 2011- Our units re-commenced the activity on complying with the conditions of Tamil Nadu Pollution Control Board. The said closure affected the financials of the Company to a certain extent. No assurance can be given that such closure/shut down may not occur in future. Our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.




18. *We had made an application dated 26/11/2007 for registration of  which was refused by The Registrar of Trade Marks, Chennai under section 11 of the Trade Mark Act, 1999 because similar trademark was already on the record of the registrar for the same/ similar goods/ services. Therefore, we have moved*



another application dated 08/06/2012 with our new logo . The same is yet to be registered in the name of the Company. In case our new trademark is not registered in the name of the company and the same is refused on any grounds by the Registrar of Trade Marks it may be susceptible to be used by any third parties which may affect the business.

We had made an application dated 26/11/2007 for registration of our logo under the class 18, 22, 23, 24, 25 and 26 of the Trade Marks Act 1999. The Registrar of Trade Marks, Chennai issued an order dated 19/12/2008 objecting the application on the relative grounds of refusal under section 11 of the Trade Mark Act, 1999 because similar trademark is already on the record of the registrar for the same/ similar goods/ services. In view of this, we have filed a new application vide application dated 08/06/2012 for registration of



our new logo . In case our new trademark is not registered in the name of company and the same is refused on any grounds by the Registrar of Trade Marks it may be susceptible to be used by any third parties which may affect the business.

19. *We may not be able to fulfil our export obligations.*

We have obtained licenses under Export Promotion Capital Goods Scheme (EPCG) to benefit from the concession given on the duty levied by the Government. As per the licensing requirement under the said scheme, we are required to export goods of a defined amount within eight years failing which it may lead to payment of waived duty alongwith the interest and penalty. As on 31/10/2012 our export obligation is ₹ 15580.30 lacs.

20. *We have entered into related party transaction aggregating to ₹54302.50 lacs during FY 2011-12. For details of the same please refer to "Prominent Notes" appearing on page no.10. There can be no assurance that such transactions will not have an adverse effect on our business, financial conditions, results of operations and prospects.*

Our Promoter, Directors and Key Management Personnel maybe deemed to be interested to the extent of equity shares held by them or their friends and relatives. Our Promoter maybe interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. We have entered and may continue to enter into related party transactions. During F.Y.2011-12, the aggregate related party transaction was ₹54302.50 lacs of which ₹48040.00 lacs pertains to Corporate Guarantee given by KMP, ₹198.00 lacs towards remuneration to KMP and the balance of ₹6064.50 lacs pertains to transactions with Associate Companies. The details of the same are appearing on page no.10 under "Prominent Notes". While we believe that all our related party transactions have been conducted on arm's length basis, we cannot



assure you that we could have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions will not have an adverse effect on our business, financial conditions, results of operations and prospects

21. *Some of our group companies have made losses in past three financial years. Any prolonged losses by group companies could result in reduction of reputation of our Company.*

Our group companies which have made losses in past 3 financial years are tabulated below:

(₹ in lacs)

Sr. No.	Name of the company	2009-10	2010-11	2011-12
1.	Scotts Fashionciti India Limited	(0.53)	(0.47)	(0.05)
2.	Scotts Plantations Private Limited	(93.74)	(63.07)	N.A.
3.	Scotts Metals and Mines Private Limited	(0.41)	(0.11)	(0.11)
4.	Scotts Infrastructure and Development Private Limited	(0.18)	(0.25)	(0.14)
5.	GFI Infrastructure Development Private Limited	(0.05)	(0.27)	(0.06)
6.	Coppers Coin Realty Private Limited	(0.33)	(0.26)	(0.15)
8.	Scotts Apparels Private Limited	(0.17)	(0.15)	(0.22)
9.	Scotts Fashions Private Limited	(0.21)	(0.18)	(0.27)
10.	Scotts Wears Private Limited	(0.25)	(0.18)	(0.19)
11.	Scotts Knits Private Limited	(0.26)	(0.20)	(0.37)
12.	Inmark Retail Private Limited	(0.25)	(7.16)	(89.39)

22. *We have experienced negative Operating Cash Flow in the Financial Year 2010-11 and 2007-08 and cannot rule out the possibility of such negative cash flows in future.*

We have reported negative cash flow from operating activities for the financial year ending March 31, 2011 and March 31, 2008 to the tune of ₹ 5.90 lacs and ₹ 1,080.30 lacs respectively and cannot rule out the possibility of such negative cash flows in future. In the event of negative cash flow, the Company will be required to arrange the funds at a cost to meet the shortfall.

23. *There are restrictive covenants in the agreements with the Banks/Institutions from whom we have borrowed, which among other things, require the Company to obtain prior permission from them for certain acts which may limit Company's discretion in these matters.*

We have entered into various loan agreements with Canara Bank, EXIM Bank and State Bank of India towards long term borrowings and working capital facility. There are restrictive covenants in these agreements with the Banks/ Institutions from whom we have borrowed, which among other things require the Company to obtain prior permission from them for change in Management, declaring dividend and undertaking of new project etc. which may limit Company's discretion in these matters.

24. *Our inability to upgrade to the latest technology may adversely affect our growth, market position and profitability*

Advancement in technology may require us to make additional capital expenditure for upgrading our manufacturing facilities so as to compete with our various competitors. In the event that we are not able to respond to such technological advancement in a timely manner, we may lose our competitive edge thereby adversely affecting our profits.

25. *We may be subject to industrial unrest, slowdowns and increased employee cost*

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain

financial obligations on employers during employment and upon retrenchment. Under Indian law, employees also have a right to establish trade unions. Although our employees are not currently unionized, we cannot assure you that they will not unionize in the future. If some or all of our employees unionize or if we experience unrest or slowdowns, it may become difficult for us to maintain flexible labour policies and we may experience increased wage costs and employee numbers resulting an impact on our financials.

26. *Inability to visualize the dynamic and changing trend of fashion may hamper the demand and growth of the Company.*

We procure order from different customers on the merit of our design and quality which are synchronized with the dynamics and changing trend of fashion industry. We are subject to uncertainties that are associated to fashion industry and any inability on our part to understand the prevailing trend of our target market may hamper our growth prospects.

EXTERNAL RISK FACTORS

27. *Disruption in services of third party transport providers may affect our business operations*

Our Company is dependent on third-party transport providers for the supply of raw materials to our manufacturing units and delivery of our products to our customers. Transport strikes by members of various Indian truckers' unions have taken place in the past, and could take place in future, thereby causing an adverse effect on our timely receipt of supplies of raw materials and our ability to deliver our finished products to our customers on time, thereby adversely impacting our business. Further, any increase in oil prices, may lead to the increase in the transportation cost resulting in an impact on our profitability.

28. *Industry is prone to frequent changes in government policies, any material changes in the duty structure may adversely impact our financials*

Our industry is prone to changes in government policies in respect of taxes, levies, and excise duty. Any material changes in the duty structure may adversely impact our financials.

29. *Competition from other domestic producers / unorganized sector may adversely affect our competitive position and our profitability*

We face competition from other existing domestic producers and potential entrants to the industry in which we operate that may adversely affect our competitive position. Loss of market share and competition may adversely affect our profitability. We also face competition for customers from other players in the organized and unorganized markets. We expect competition could increase with new entrants coming into this industry and existing players consolidating their positions. Some of our competitors may have access to significantly greater resources and hence the ability to compete more effectively.

30. *Environmental regulation imposes additional costs and may affect the results of our operations*

We, like other producers, are subject to various central, state and local environmental, health and safety laws and regulations concerning issues such as damage caused by air emissions, wastewater discharges, solid and hazardous waste handling and disposal, and the investigation and remediation of contamination. These laws and regulations are increasingly becoming stringent and may in the future create substantial environmental compliance or remediation liabilities and costs. These laws can impose liability for non-compliance with health and safety regulations or clean up liability on generators of hazardous waste and other substances that are disposed of either on or off-site, regardless of fault or the legality of the disposal activities.

31. *A slowdown in economic growth in India could materially and adversely affect the Company's results of operations and financial condition*

Our performance and the quality and growth of our business are dependent on the health of the overall Indian economy. There have been periods of slowdown in the economic growth of India during the 1990s.

The Indian economy is also largely driven by the performance of the agriculture sector, which depends on the quality of rainfall during the monsoon season and is therefore difficult to predict. In the past, economic slowdowns have harmed manufacturing industries including the industry to which we belong. Any future slowdown in the Indian economy could harm our results of operations and financial condition.

32. *Changes in Indian Government policies could adversely affect economic conditions in India, and thereby adversely impact our results of operations and financial condition*

The market price and liquidity of the equity shares, may be affected by Indian Government's policy changes in India. For example, rising interest rates, increases in taxation or the creation of new regulations could have a detrimental effect on the Indian economy in general and us in particular. The Indian Government has in recent years sought to implement economic reforms, and the current Indian Government has implemented policies and undertaken initiatives that continue the economic liberalization policies pursued by previous Indian Governments. However, the roles of the Indian Government and the State Governments in the Indian economy as producers, consumers and regulators have remained significant and there can be no assurance that liberalization policies will continue in the future. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our results of operations and financial condition in particular.

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

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase its costs and negatively affect our stock price. These geopolitical, social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could constrain its ability to do business, increase its costs and negatively affect our stock price.

34. *Natural calamities could have a negative impact on the Indian economy and cause the business to suffer.*

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters has an impact on the Indian economy. Any negative impact of natural disasters on the Indian economy could adversely affect the business and the market price of our Equity Shares.

35. *Any downgrade of India's sovereign debt rating by an international rating agency could have a negative impact on our results of operations and financial condition*

Any downgrade of India's credit rating for Indian domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and commercial terms on which such additional financing is available. This could have an adverse effect on our ability to obtain financing to fund its growth on favourable terms or at all and, as a result, could have a material adverse effect on our results of operations and financial condition.

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

The price of our Equity Shares on the Indian Stock Exchange may fluctuate as a result of several factors including:

- Volatility in Indian and global securities market;
- Our results of operations and performance;
- Performance of the competitors;
- Adverse media reports, if any, on SGL or the Industry;
- Changes in the estimates of our performance or recommendations by financial analysts on our Company;
- Significant development in India's economic liberalization and de-regulation policies; and

- Significant development in India's Fiscal and environmental regulations.
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

There can be no assurance that an active trading market for our equity shares will develop or be sustained after this Issue or the price at which the Equity Shares of our Company are initially traded will correspond to the prices at which the Equity Shares of our Company will trade in the market subsequent to this Issue.

Prominent Notes

1. The net worth of SGL as per its audited restated financial statement for seven months period ended on 31/10/2012 is ₹ 24,323.38 lacs and as on 31/03/2012 is ₹ 22784.25 lacs.
2. Book value per equity share of the Company as per its audited restated financial statement for seven months period ended on 31/10/2012 is ₹90.98 and as at 31/03/2012 is ₹ 85.22/-
3. The average cost of acquisition of the equity Shares of ₹ 10 each by the Promoter is ₹ 1.46 per share
4. On 26/12/2012 our Company has, by way of a Pre-IPO Placement, allotted 17,39,130 Equity Shares of ₹ 10 each to Emerging India Growth Fund CVCF V, for an aggregate consideration of ₹1999.99 lacs, at a premium of ₹105.00 per Equity Share
5. Investors are advised to refer the paragraph on "Basis of Issue Price" on page 64 of this Red Herring Prospectus before making an investment in the Issue.
6. Except as mentioned in the sections titled "Capital Structure" beginning on page 34 of this Red Herring Prospectus, we have not issued any Equity Shares in the last twelve months.
7. The details of related party transactions for seven months period ended on 31/10/2012 and for the last five financial year is hereunder:

Particulars	(₹ In lacs)					
	31 st October 2012	31 st March 2012	31 st March 2011	31 st March 2010	31 st March 2009	31 st March 2008
Remuneration to key managerial personnel	115.00	198.00	198.00	198.00	144.00	144.00
Guarantees Given by key managerial personnel	48040.00	48040.00	45030.00	20530.00	6760.00	4660.00
Loans given to associate companies	160.20	-	162.00	-	-	-
Investments made in associates	676.00	3008.70	1.00	1.00	1.00	1.00
Sale of investments in Associates	-	2413.70	-	-	-	-
Sale of Garments	1299.30	319.80	-	-	-	-
Receivable from associates	979.20	322.30	-	-	-	-

8. Presently we do not have business interest in our group companies except for Inmark Retail Private Limited to whom our Company has made sale of readymade garments aggregating to ₹ 1299.30 lacs as at 31/10/2012 and ₹ 319.80 lacs in F.Y.2011-12.
9. Investors are free to contact the BRLM and Co-BRLM for any complaints, clarification or information pertaining to this Issue. For contact details of the BRLM and Co-BRLM, please refer to the cover page of this Red Herring Prospectus.

10. All information shall be made available by the BRLM, Co-BRLM and the 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.
11. In addition to the BRLM and Co-BRLM, the Company shall be obliged to update the Offer Document and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this issue.
12. For interest of promoter/directors, please refer to the section titled "Promoters and its Background" beginning on page no. 153 of this Red Herring Prospectus.
13. 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 issuers and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing draft offer document with the Board.
14. There has been no change in the name of the issuer company during the last three years

PART I

SECTION II - INTRODUCTION

The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company, the Book Running Lead Manager or their respective legal advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources.

SUMMARY OF THE INDUSTRY

Overview of the Global Textile Industry

In the year 2011, the global trade in textile and clothing industry was at USD 706 billion. Exports by Indian textile and clothing industry accounted for USD 15.0 billion and USD 14.40 billion respectively. World exports of textiles and clothing grew by 17 per cent in 2011. The top ten exporters each registered 13 per cent growth or more. Bangladesh recorded the highest increase (27 per cent) while the lowest among the top ten was recorded by the United States with 13 per cent. The order for the top ten exporters remains the same as in 2010. China was the leading exporter of textiles and clothing in 2011 with a 32 per cent share in world exports of textiles and 37 per cent in clothing. The European Union and the United States are the major markets for clothing, accounting for 45 per cent and 21 per cent respectively of world imports.

(Source: WTO – International Trade Statistics, 2012).

Overview of Indian Textile Industry

Indian textile industry contributes about 14 per cent to Industrial Production, 4 per cent to the country's Gross Domestic Product (GDP), 17 per cent to export earnings and provides direct employment to 35 million people which includes substantial number of SC/ST and women. Textile & Clothing sales generated USD 55 Billion in 2008-09 bifurcated as USD 33.4 billion from domestic market and US \$ 21.60 billion from exports. Exports of Textiles & Clothing grew to US\$ 22.41 billion in 2009-10 and has touched US\$ 26.82 billion in 2010-11. In the financial year i.e. 2011-12, exports of textiles and clothing, as per latest available data covering April-October, 2011, has grown by 28.94% over the corresponding period of 2010-11.

During the year 2010-11, Readymade Garments account for almost 40% of the total textiles exports. Apparel and cotton textiles products together contribute nearly 70% of the total textiles exports. The exports basket comprise a wide range of items including readymade garments, cotton textiles, handloom textiles, man-made fibre textiles, wool and woolen products, silk, jute and handicrafts including carpets. India's textiles products, including handlooms and handicrafts, are exported to more than a hundred countries. However, the USA and the EU, account for about two-thirds of India's textiles exports. The other major export destinations are China, U.A.E., Sri Lanka, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, Pakistan, Brazil, Hong Kong, Canada, Egypt etc.

(Source: Annual Report 2011-12 of Ministry of Textile)

In the post-quota period, India has emerged as a major sourcing destination for new buyers. As a measure of growing interest in the Indian textile and clothing sector a number of buyers have opened their sourcing/liaison office in India. Commercially, the buoyant retailers across the world are looking for options of increasing their sourcing from the Indian markets. The Indian textiles industry is extremely varied, with the hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized power looms/hosiery and knitting sectors form the largest section of textiles sector. The close linkage of the Industry to agriculture and the ancient

cultures, and traditions of the country make the Indian textile sector unique in comparison with the textile industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

Global exports of Ready Made Garments (RMG)

- Global exports of RMG during 2008-09 were of the order of USD 10.38 billion, which recorded a marginal decrease to USD 10.06 billion during 2009-10. However, exports of RMG grew by 5.60% to US\$ 10.63 Billion in 2010-11.
- As per latest available statistics, exports of RMG during April- October, 2011 was of the order of USD 7088.74 million as against USD 5512.15 million during the same period last year, indicating an increase of over 28.60% in US\$ terms this year.
- EU was the biggest destination for RMG exports, with over USD 5.3 billion worth of exports during the year ending March, 2011, recording a growth of over 1% compared to exports in 2009-10.
- US was the second biggest destination for RMG, with exports of USD 2.85 billion for the year ending March,11, recording a growth of 7.29% over the last financial year.
- UAE was the third biggest destination with over a billion dollar worth of exports to that group.

(Source: Annual Report 2011-12 of Ministry of Textiles)

The major sub-sectors that comprise the textiles sector include the

- Organized Cotton/ Man-Made Fibre Textiles Mill Industry,
- Man-made Fibre/ Filament Yarn Industry,
- Wool and Woollen Textiles Industry,
- Sericulture and Silk Textiles Industry,
- Jute and Jute Textiles Industry, and
- Textiles Exports

(Source: Annual Report 2009-10, Ministry of Textiles)

Indian Textile Exports

The textile export basket consists of wide range of items containing cotton yarn and fabrics, man-made yarn and fabrics, wool and silk fabrics, made-ups and variety of garments. India's textile products, including handlooms and handicrafts, are exported to more than a hundred countries.

India's textiles and clothing industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at US\$ 32.35 billion by the end of XIth Five Year plan, as against of US\$ 55 billion envisaged in the Report of Working Group on Textiles for the XIth Five Year Plan and based on historic growth rate of 10% (CAGR), a business as usual approach, will result in exports of US\$ 52 billion by the end of XI Plan. An export target of US\$ 65 billion and creation of 25 million additional jobs has been proposed with a CAGR of 15% during the XII Plan. At current prices the Indian textiles industry is pegged at US\$ 55 billion, 64% of which services domestic demand. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 35 million people and accounts for nearly 12% share of the country's total exports basket.

Union Budget 2012-13 Highlights

- Standard rate of Central Excise duty has been increased from 10% to 12%. Excise duty on Cotton textiles covered under Tariff heading 5204 to 5212 increased from 4% to 6%.

- Automatic shuttleless looms fully exempted from basic customs duty of 5%.
- Automatic silk reeling and processing machinery as well as its parts exempted from basic customs duty.
- Second hand machinery to attract basic duty of 7.5%.
- Basic customs duty on wool waste and wool tops reduced from 15% to 5%.
- Basic customs duty on Titanium dioxide reduced from 10% to 7.5%.
- Aramid yarn and fabric used for the manufacture of bullet proof helmets exempted fully from basic customs duty.
- Financial package of ₹ 3,884 crore announced for waiver of loans of handloom weavers and their cooperative societies.
- Two more mega handloom clusters, one to cover Prakasam and Guntur districts in Andhra Pradesh and another for Godda and neighbouring districts in Jharkhand to be set up.
- Three Weaver's Service Centres one each in Mizoram, Nagaland and Jharkhand to be set up for providing technical support to poor handloom weavers.
- ₹ 500 crore pilot scheme announced for promotion and application of Geotextiles in the North Eastern Region.
- A powerloom mega cluster to be set up in Ichalkaranji in Maharashtra with a budget allocation of ₹ 70 crore.
- Excise duty of 10% is applicable to branded readymade garments with abatement of 55% from the Retail Sales Price. Along with increase in duty to 12% the abatement enhanced to 70%. As a result, the incidence of duty as a percentage of the Retail Sales price would come down from 4.5% to 3.6%.

Growth Prospects for Indian Textile and Clothing Industry

The Confederation of Indian Textile Industry envisages the Indian Textile and Clothing market to reach USD 100 billion by year 2015. Textile & Clothing sales generated USD 55 Billion in 2008-09 bifurcated as USD 33.4 billion from domestic market and US \$ 21.6 billion from exports.

BUSINESS OVERVIEW

We are a Company with state of the art facilities for manufacturing the hi-fashion Ready Made Garments. We have domain expertise in providing sampling and design and have additional facilities such as embroidery, printing, dyeing and washing. Presently, we are largely engaged in manufacturing and export of Ready Made Garments (RMG).

From a modest beginning involving taking up job works, SGL started exploring the market for direct exports, and has in course of time established a status for production of quality garments and dependability in delivery schedules in the export market. Our operations and facilities enable us to manufacture readymade apparel by spanning various aspects of the apparel production chain, from managing the design to delivery and quality assurance processes involved in producing readymade apparels. SGL is one of the competitive manufacturer and exporter of readymade garments with modern manufacturing facilities, fully backed by facilities for product development, design studio and efficient sampling infrastructure to provide quality services to its customers. During F.Y. 2011-12, we exported our readymade apparel amounting to ₹ 45,741.38 lacs. Our Company manufactured 180.80 lacs pieces for woven and knitted garments in F.Y.2011-12.

During September 2012, Credit Analysis & Research Limited (CARE) has assigned CARE BBB rating to our long term bank facilities amounting to ₹ 229.70 crores and CARE A3+ to our short term bank facilities amounting to ₹ 227.40 crores. The instruments with CARE BBB and A3+ rating have moderate degree of safety regarding timely servicing of financial obligations. We have been accorded the status of Trading House in accordance with the provisions of Foreign Trade Policy 2009-14 by Office of the Joint Director General of Foreign Trade. We are also a registered member of Apparel Export Promotion Council (sponsored by Government of India, Ministry of Textiles).

Competitive Strengths

We are into the business of manufacturing readymade garments for last two decades. We believe that we have the following competitive strengths to maintain and enhance our position as a leading multi- product ready-to-wear fashion apparel business house. Our principal competitive strengths are hereunder:-

- 1. Multiple Product Capability:** We have developed a range of product offerings in order to address the varied and expanding requirements of our customers. Our product offerings include woven, knits, sweats, jerseys and woven trousers (cotton and denim) for both genders across all ages. We believe that our broad range of apparel products and hi fashion garment experience allows our customers to source most of their product categories from a single vendor and enables us to expand our business from existing customers, as well as address a larger base of potential new customers. We believe our business model and product diversification provides our customer One Stop Solution for all apparel requirements.
- 2. Strong Management Team:** We benefit from the leadership of our management team, which has extensive experience in the apparel industry. Our Promoter has adequate experience in the textile industry and we have successfully implemented expansion projects in the past. Our Key Management Personnel are largely responsible for successful execution of our growth strategy by expanding our manufacturing facilities, developing new customer base and strengthening our customer relationships. In addition to our senior management team, we believe that our middle management team and skilled work force comprising of designers, tailors, merchandisers and marketing personnel provide us with depth needed to manage our growth.

Our emphasis on creating and sharing value have not only retained but attracted people to be part of the Company, which we believe to be an important competitive advantage as we enter new markets and expand our product offerings.

3. **Relationship with big sized players in international market:** Our customers include value retailers as well as higher-end fashion brand retailers, such as Best Seller, Old Navy, H& M Hennes & Mauritz, Rhodie Suppliers, C & A, S. Oliver, Jules, No Excess, Mayoral Moda, Infinil S.A., etc. We supply our multi product offerings to Bestsellers for their 5 sub-brands viz, Veromoda, Jack and Jones, Only, EXIT and SELECTED. We focus on maintaining long-term relationships with our customers. We have strong relationship with some of our leading customers, and have a decade old business relation with Best Seller, who is one of our largest customers in terms of revenues.

We believe that our ability to address the varied and expanding requirements of global customers over long periods enables us to obtain additional business from existing customers as well as new customers. We serve most of our customers across all streams of our business model, which we believe increases their loyalty to us.

4. **We produce products at Competitive pricing:** Our automated designing and sampling facilities enable us to produce quality products throughout the year. We have modern scanning and quality assurance equipment, benefitting our manufacturing process significantly in terms of reducing wastage and enabling us to demand a premium for our products. We believe that our fair customer service policies and consistently high quality products have earned us significant good will from our customers, which has resulted in repeat orders from many of them.
5. **Stringent quality check:** The Company believes in providing the best possible quality to the customers. There are quality checks in place that prevent any defective material from reaching the customer. Quality control measures are in place at every step in the manufacturing process. The Company also has a well-equipped quality control department.
6. **Designing Capabilities:** We have two dedicated and well-equipped design studios in Tirupur and in Bangalore with Qualified, skilled and experienced employees preparing designs. There is also an information system in place that keeps a database of all the designs created for future reference. The studios are equipped with latest design software including CAD/CAM. Our designers travel extensively to our target markets to study the latest trends in those countries. We encourage them to visit fashion shows to help them in their study of fashion. This practical exposure helps the design team come out with new designs and ideas based on the current trends and fashion in the international market. The new designs are then sent out to the laboratory for various testing of the garments before the designs are released to the sampling unit for the further marketing and sales purposes. These design studios generate various styles for garment business and at the same time, enables us to work on designs supplied by the customers. The design studio takes feedback from the customers on the samples already sent and modifies the design according to the customer's suggestions.
7. **Sampling Capabilities:** Our Company has capabilities to produce garment samples as per designs developed by our design studios in Tirupur and Bangalore. Our design and sampling department is well equipped with facilities like sample dyeing, sample printing, washing and processing facilities. We have two garment sampling units, one in Tirupur and one in Bangalore. These units provide samples to the customer for selection. These finished garment samples are sent to the customer for approval. Availability of the sampling unit helps the company in providing the customer with a wide variety of choices at the minimal possible cost to the company. The garment making process starts only after the samples are approved. Different processes of sampling are involved for products going to different market segments. Our above-mentioned capabilities give us an advantage over other garment manufacturers.
8. **Strategic Location Advantage:** We have strategically located our operations. All our woven garment facilities are located at Karnataka with major production at Bangalore and knitted garment facilities are located in Tirupur, Tamil Nadu and Bangalore & Bagepalli in Karnataka. We believe location of our units gives us significant savings in production, labour and transportation costs. Our knitted

operations in Tamil Nadu are within a 10-kilometer radius of Tirupur, which is regarded as one of Asia's largest apparel manufacturing clusters. Our locations provide us convenient access to airports, ports and are also within close proximity of our domestic suppliers.

Product Portfolio:

Our product portfolio comprises of the Woven garments and Knitted garments that includes Shirts (Cotton, Denim) Tops, Skirts, Trouser (Cotton, Denim), Shorts, Cargos, T-Shirts (Basic and Embroidered), Sweats and Jerseys

Export

The major customers of the Company are located at Europe and USA. Our exports and net sales have shown CAGR of 7% and 8% respectively for last three years.

Year	Exports* (₹ In Lacs)	Net Sales* (₹ In Lacs)	Exports as a percentage to Net Sales (%)
2009-10	39,451.83	43,017.07	91.71
2010-11	48,207.38	49,527.73	97.33
2011-12	45,741.38	50,025.46	91.44

*Includes Export Incentive received by the company on account of export sales

Business Strategy

- 1. Strengthening Apparel designing and Product Development Process:** We operate in a highly creative and dynamic fashion industry that requires keeping up pace with ever-changing market trends. Our strategy is to focus on the development of new designs and samples for our garments. Our in house studios are equipped with latest design software including CAD/CAM thus enabling us to successfully convert our designs into samples into final products. We plan to strengthen our capabilities in designing by continuously upgrading our design studios both in terms of human resources and technology. We plan to tap the hi-end readymade garment segment which will help us in maintaining higher sales realization for our final products.
- 2. Strengthening Product Portfolio and enhancing capacities to meet client demands:** Presently our product portfolio comprises of Ready Made Garments which includes the export of specific garments. Our strategy is to increase the product portfolio shall include the addition of diversified high fashion garments and catering the same to other large sized players that are specifically into sale of these garments. We shall also target enhancing the capacities of our existing manufacturing capacities to meet the incremental client demand for our products.
- 3. Integrated Operations:** We presently focus on the manufacturing of Ready Made Garments from the sourced fabrics and raw materials. Our long term objective is to integrate our operations and develop in house facilities from yarn dyeing to garment manufacturing. The integrated operations of our company shall derive the benefits of economies of scale and increase the quality control on our final product.
- 4. Controlling Operational Cost:** We believe that to sustain the competitiveness of the industry we have to continuously focus on controlling the cost incurred for various operational activities. Our strategy to control the cost shall include the controlling raw material cost through negotiations with the suppliers, increasing focus on quality control to reduce the wastage and identifying the high cost areas of the Company.
- 5. Tap domestic market and expanding geographic reach:** Our major portion of export income is from European nations. Though we have high exposure in this region, we weren't vastly affected from the global meltdown. However, to insulate ourselves from any future economic slowdown, we plan to increase our presence in domestic market and also tap the other regions across the globe. Our Company



will also continue exploring opportunities in various countries where it can supply value added textile products to enhance its geographic reach. This shall help us to mitigate the risk linked to different markets and widen the growth prospects.

SUMMARY OF FINANCIAL DATA
ANNEXURE I
SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Non-current assets						
Fixed assets						
Tangible assets	16403.71	16,346.42	11,890.56	11,242.26	8,777.11	7,441.88
Intangible assets	1045.12	1,475.46	2,213.18	2,950.92	3,688.65	3,688.65
Capital work-in-progress	4975.40	2,453.48	1,645.63	16.78	50.82	112.93
Non-current Investments						
Investments in Equity instruments	5,069.64	5,018.84	2,665.00	1,665.00	1,665.00	887.00
	-					
Long term loans and advances	598.73	581.23	629.17	502.65	472.69	338.83
Total non-current assets	28092.61	25,875.43	19,043.54	16,377.61	14,654.27	12,469.29
Current assets						
Inventories	22268.66	21,688.99	16,576.29	11,148.51	8,134.25	4,947.80
Trade Receivables	6804.47	7,592.33	7,996.17	7,898.89	8,496.53	7,691.05
Cash and cash equivalents	620.66	552.76	738.53	484.32	602.21	579.07
Short-term loans and advances	2027.21	2,048.68	2,467.62	3,511.07	1,719.08	1,817.21
Other current assets	2531.06	2,917.94	2,420.48	1,829.95	797.90	846.83
Total current assets	34252.05	34,800.70	30,199.09	24,872.74	19,749.97	15,881.96
Non-current liabilities						
Long-term borrowings	8414.27	7,326.63	5,305.53	5,143.58	4,586.01	7,306.11
Deferred tax liabilities (net)	1233.26	1,208.02	775.17	876.20	388.01	97.47
Other long term liabilities	289.12	224.99	228.38	174.94	108.63	39.42
Total non-current liabilities	9936.65	8,759.64	6,309.08	6,194.72	5,082.65	7,443.00
Current liabilities						
Short term borrowings	19104.08	18,079.52	17,335.64	11,886.67	9,529.61	6,964.42
Trade payables	3645.96	6,852.18	6,708.40	6,235.85	5,255.91	3,591.72
Other current liabilities	3746.80	3,033.95	2,525.85	2,366.85	2,198.05	1,182.63

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Short-term provisions	1587.79	1,166.59	934.88	1,581.00	1,077.46	1,728.35
Total current liabilities	28084.63	29,132.24	27,504.77	22,070.37	18,061.03	13,467.12
Net Worth	24323.38	22,784.25	15,428.78	12,985.26	11,260.56	7,441.13
Net worth represented by:						
Shareholders Funds						
Share Capital						
Equity share capital	2,673.83	2,673.83	2,673.83	2,673.83	2,673.83	2,473.83
Reserves & surplus						
Securities premium	2,496.96	2,496.96	2,496.96	2,496.96	2,496.96	1,296.96
Amalgamation reserve	40.00	40.00	40.00	40.00	40.00	40.00
Profit and loss account	19112.59	17,573.46	10,217.99	7,774.47	6,049.77	3,630.34
Net worth	24323.38	22,784.25	15,428.78	12,985.26	11,260.56	7,441.13

ANNEXURE II
SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Revenue from operations	32939.88	50,025.46	49,527.73	43,017.07	36,387.70	33,113.23
Other income	593.43	6,587.83	847.14	418.91	1,055.86	162.72
Total revenue	33533.31	56,613.29	50,374.88	43,435.98	37,443.56	33,275.95
EXPENSES						
Cost of raw material and components consumed	17846.07	29,019.10	22,112.77	22,142.10	20,232.41	17,651.62
Changed in inventories of finished goods and traded goods	395.78	(3,538.98)	569.44	(2,517.85)	(2,117.39)	(750.28)
Other expenses	10027.39	17,372.02	20,022.64	16,602.70	13,381.50	11,161.83
Total expenditure	28269.23	42,852.13	42,704.85	36,226.95	31,496.52	28,063.17
Earnings before interest, tax, depreciation and amortization (EBITDA)	5264.08	13,761.16	7,670.02	7,209.03	5,947.04	5,212.78
Depreciation	1158.90	1,442.12	1,452.06	1,239.81	990.34	851.87
Finance charges	1114.98	2,082.23	1,491.41	1,644.61	1,236.19	851.28
Profit before tax	2990.20	10,236.81	4,726.55	4,324.61	3,720.51	3,509.63
Less: Tax expense						
Current tax expense	923.93	1,400.00	1,334.53	1,052.18	708.09	1,097.50
Deferred tax (credit)/charge	25.23	432.85	(101.03)	488.19	290.54	187.42
Total tax expense	949.15	1,832.85	1,233.50	1,540.37	998.63	1,284.92
Profit after taxation	2041.05	8,403.95	3,493.06	2,784.24	2,721.88	2,224.71

ANNEXURE III
SUMMARY STATEMENT OF CASH FLOWS AS RESTATED

(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
A. Cash flow operating activities						
Net Profit before prior period item, tax and extraordinary items	2990.20	10,236.81	4,726.55	4,324.61	3,720.51	3,509.63
Adjustment for:						
Depreciation/amortisation	1158.90	1,442.12	1,452.06	1,239.81	1,014.26	851.88
Finance charges & loss on variation on foreign exchange rates	1114.98	1,643.91	1,491.41	1,644.61	1,236.20	851.28
Bad debts written off	-	0.42	-			
Profit on sale of fixed assets	-	-	-	15.26	(1.55)	2.27
Loss on Sale of investment	-	-	-		(869.43)	(20.02)
Dividend income/capital gain		(5,998.07)	(49.80)	(49.80)	(60.00)	(184.88)
Operating profit before working capital changes	5264.08	7,325.19	7,620.22	7,174.49	5,039.99	5,010.16
Adjustment for:						
Increase in inventories	(579.66)	(5,112.70)	(5,427.78)	(3,014.27)	(3,186.44)	(1,376.39)
Increase / (decrease) in trade payables	(2798.01)	341.66	744.16	1,078.93	879.43	369.92
Decrease / (increase) in trade receivables	(787.87)	140.74	(679.19)	(805.08)	128.12	(3,664.72)
(Increase)/Decrease in loans & advances	390.85	232.52	(832.14)	(1,265.63)	(1,006.92)	25.00
Income taxes paid (net of refund)	(205.10)	(1,028.12)	(1,431.17)	(740.44)	(745.56)	(1,444.26)
Net cash generated / (utilized) from operating activities	2860.03	1,899.29	(5.90)	2,428.00	1,108.62	(1,080.29)
B. Cash flow from investing activities						
Purchase of fixed assets	(3766.92)	(6,785.09)	(3,728.18)	(3,730.71)	(2,751.39)	(2,437.45)
Purchase of non-current investment	(50.80)	(4,972.06)	-			
Sale of non-current investment	-	8,359.28	-		91.43	(5,433.98)
Dividend Received	-	48.90	49.80	49.80	60.00	24.88
Capital Subsidy	28.36	78.29	-	-	-	-
Net cash utilized	(3789.36)	(3,270.68)	(3,678.38)	(3,680.91)	(2,599.96)	(7,846.55)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
investing activities						
C.Cash from Financing activities						
Interest paid	(1114.98)	(1,556.35)	(1,491.41)	(1,644.61)	(1,236.20)	(851.28)
Increase in share capital	-				200.00	1,112.50
Share premium received	-				1,200.00	1,297.00
(Repayments) / proceeds of long term borrowings	2112.21	3,053.74	5,741.70	3,092.46	3,150.69	5,148.93
Dividend & dividend distribution tax	-	(311.79)	(311.79)	(312.82)	(289.43)	(155.20)
Interest income received	-					159.70
(Repayments) / proceeds of unsecured loans	-				(1,510.65)	1,510.70
Net cash generated from/ (utilised in) financing activities	997.23	1,185.60	3,938.50	1,135.03	1,514.41	8,222.35
Net Increase / (decrease) in cash and cash equivalents	67.90	(185.79)	254.22	(117.88)	23.07	(704.49)
Cash and cash equivalents at the beginning of the year	552.76	738.54	484.32	602.21	579.13	1,283.62
Cash and cash equivalents at the end of the year	620.66	552.76	738.54	484.33	602.20	579.13

THE ISSUE

Public Issue aggregating to ₹ [●] lacs:	
Which comprises of fresh issue of	1,05,06,954 Equity Shares of ₹10/- each
Of which:	
Employee Reservation Portion [#]	Up to 4,50,000 Equity Shares*
Net Issue to the Public	1,00,56,954 Equity Shares
Of which:	
A) QIB Portion:[#]	25,14,238* Equity Shares of ₹ 10/- each, constituting 25% of the Net Issue.
Of which 5% is available for Allocation to Mutual Funds [the unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs]	1,25,712 Equity Shares of ₹ 10/- each
Balance for all QIBs including Mutual Funds	23,88,526 Equity Shares of ₹10/- each
B) Non- Institutional Portion:[#]	Not less than 40,22,782* Equity Shares of ₹ 10/- each, constituting 40% of the Net Issue that will be available for allocation to Non-Institutional Bidders.
C) Retail Portion:[#]	Not less than 35,19,934* Equity Shares of ₹ 10/- each constituting 35% of the Net Issue that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue:	2,84,77,380 Equity Shares of ₹10/- each
Equity Shares outstanding post the Issue:	3,89,84,334 Equity Shares of ₹ 10/- each
Use of Proceeds	Please refer to chapter titled "Objects of the Issue" on page 44 of this Red Herring Prospectus for additional information.

Notes:

- *In the event of over-subscription, Allotment shall be made on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
- **Allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion. The remaining available Equity Shares, if any, in Retail Portion shall be allotted on a proportionate basis to Retail Individual Bidder.
- #Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted to the Employee Reservation Portion subject to the Net Issue constituting at least 25% of the fully diluted post-Issue paid up capital of our Company.
- Our Company has, by way of a Pre-IPO Placement, allotted 17,39,130 Equity Shares to CVCFL, for an aggregate consideration of ₹1999.99 lacs, at a premium of ₹105.00 per Equity Share

GENERAL INFORMATION

INCORPORATION

Scotts Garments was formed on 01/12/1992 as partnership firm under the Indian Partnership Act, 1932. The partners of Scotts Garments promoted a Private Limited Company under Companies Act, 1956 as 'Scotts Garments Private Limited' vide Certificate of Incorporation dated 01/03/2002 issued by the Registrar of Companies, Bangalore, Karnataka with the main object to acquire the business of "Scotts Garments". The Company was subsequently converted into a public company and the name was changed to 'Scotts Garments Limited', and received a Certificate of Change of Name on 19/06/2007. The Corporate Identity Number of the Company is U18101KA2002PLC030185.

ADDRESS OF THE COMPANY

Registered & Corporate Office:	481-B, IV Phase, Peenya Industrial Area, Peenya, Bangalore - 560 058; Tel.: +91-080-41179001/41179002/41179003/40858585; Fax: +91-080-28362452 / 41179007; Website: www.scottsgarments.com
Company Identification Number	U18101KA2002PLC030185
PAN	AAFCS9703C

ADDRESS OF REGISTRAR OF COMPANIES

Registrar of Companies, Bangalore, Karnataka

E-Wing, 2nd Floor, Kendriya Sadana, Koramangala, Bangalore - 560 034

BOARD OF DIRECTORS:

Our Board of Directors comprises of the following:

Sr. No	Name of the director	Designation	Status
1.	Mr. Naseer Ahmed	Managing Director	Executive and Non-Independent
2.	Mrs. Nuzhat Aisha Naseer	Director	Executive and Non-Independent
3.	Mr. A. Arumugham	Director	Non-Executive and Independent
4.	Mr. B.S.Patil	Director	Non-Executive and Independent
5.	Mr. M.M. Chopra	Director	Non-Executive and Independent
6.	Mr. Azeezulla Baig	Director	Non-Executive and Independent
7.	Mr. C.R.Murali	Director	Non-Executive and Independent
8.	Mr. S. Thiruvadi	Nominee Director	Non-Executive and Independent

For further details on the Board of Directors of our Company, please refer to the section titled "Management" beginning on page 139 of this Red Herring Prospectus

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. S. Guruswamy Babu

Company Secretary & Compliance Officer

481-B, IV Phase, Peenya Industrial Area, Peenya

Bangalore - 560 058;

Tel.: +91-080-41179001/41179002/41179003/40858585;

Fax: +91-080-41179007/28362452;

E-mail: cs@scottsgarments.com

**LEGAL ADVISORS TO THE ISSUE****STATUTORY AUDITORS****PEER REVIEW AUDITOR**

<p>DSK LEGAL <i>Advocates</i> 1203, One Indiabulls Centre, Tower 2, Floor 12 B 841, Senapati Bapat Marg Elphinstone Road, Mumbai-400 013 Tel : +91-22-66588000, Fax : +91-22-66588001 E mail : dkvasal@dsklegal.com Contact Person : Mr. D.K.Vasal</p>	<p>Siddaiah & Ram, <i>Chartered Accountants</i> No.32/2, First Floor, Lalbagh Main Road, Bangalore - 560 027 Tel: +91-80-22221590/22242540; Fax: +91-80-41145464 Email: siddaiahandram@airtelmail.in Firm Registration No.: 003860S</p>	<p>G Anantha & Co., <i>Chartered Accountants</i> Srinidhi, No.36 & 36/1, 1st Floor, Mallikarjuna Temple Street, Basavanagudi, Bangalore - 560 004 Tel: +91-80-41204245 Email: ganatha.co@gmail.com Firm Registration No.: 005160S</p>
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BANKERS TO THE COMPANY**CANARA BANK**

Prime Corporate branch,
Shankarnarayana Bldg. 25, M.G. Road ;
Bangalore - 560 001
Tel: +91-80-25599105;
Fax: +91-80-25599108;
Email: parmashwarkd@canbank.co.in;
Contact Person: Mr. Parmeshwar

EXIM BANK

Centre One Bldg., Floor 21, World Trade Complex,
Cuffe Parade ; Mumbai - 400 005
Tel: +91-22-22172600;
Fax: +91-22-22183238;
Email: eximoif@vsnl.com;
Contact Person: Mr. Pranesh

STATE BANK OF INDIA

Peenya Industrial Estate,
B-96, 2nd Cross, Peenya, 1st Stage,
Bangalore - 560 058 ;
Tel: +91-80-25943260/25943263;
Fax: +91-80-28394005;
Email: sbi.03024@sbi.co.in;
Contact Person: Mr. Bhandarkar

**BOOK RUNNING LEAD MANAGER
TO THE ISSUE****KEYNOTE CORPORATE SERVICES LIMITED**

The Ruby, 9th Floor,
Senapati Bapat Marg,
Dadar (w), Mumbai - 400028
Tel: +91-22- 30266000-3;
Fax: +91-22- 30266088
E-mail : mbd@keynoteindia.net
Website: www.keynoteindia.net
Contact person: Mr. Girish Sharma
SEBI Reg No: INM 000003606

**CO- BOOK RUNNING LEAD MANAGER
TO THE ISSUE****CANARA BANK MERCHANT BANKING
DIVISION**

Himalaya House, 407,4th Floor,
79, Mata Ramabai Ambedkar Marg, Mumbai - 400001
Tel. : +91-22-22677405/05/06 ;
Fax : +91-22-22677404
E-mail : mbdcomcity@canarabank.com
Website: www.canarabank.com
Contact person: Mr. Vasant Sapkale
SEBI Reg No: INM 000002558

REGISTRAR TO THE ISSUE**Link Intime India Pvt. Ltd.**

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai 400078

Tel : +91-22-25963838/25946970

Fax: + 91-22-25946969

E-mail: sgl.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sachin Achar

SEBI Regn No.: INR000004058

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

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS**Axis Bank Limited**

Universal Insurance Building,
Sir P.M. Road, Fort,
Mumbai - 400 001

Tel: +91-22-40867299/40867371;

Fax: +91-22-40867327;

Email: rajesh.khandelwal@axisbank.com;

Website: www.axisbank.com

Contact Person: Mr. Rajesh Khandelwal

SEBI Reg: INBI00000017

Canara Bank*

Capital Market Services Branch,
407, Himalaya House, 79,
Mata Ramabai Ambedkar Marg, Mumbai - 400 0051

Tel: +91-22-22661618/22692973;

Fax: +91-22-22664140;

Email: cb2422@canarabank.com;

Website: www.canarabank.com

Contact Person: Mr. Arvind N. Pawar

SEBI Reg: INBI00000019

HDFC Bank Limited

HDFC Bank Ltd, FIG - OPS Department
Loadha, I Think Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (E), Mumbai - 400 042

Tel: +91-22-30752928; **Fax:** +91-22-25799801;

Email: uday.dixit@hdfcbank.com;

Website: www.hdfcbank.com

Contact Person: Mr. Uday Dixit

SEBI Reg: INBI00000063

IDBI Bank Limited

Unit No.2, Corporate Park, near Swastik Chambers,
Sion - Trombay Road, Chembur
Mumbai - 400 071

Tel: +91-22-66908402; **Fax:** +91-22-66908424;

Email: v.jayanathan@idbi.co.in;

Website: www.idbibank.com

Contact Person: Mr. V Jayanathan

SEBI Reg: INBI00000076

IndusInd Bank Limited

Cash Management Services,
Solitaire Corporate Park, No.1001,
Building No.10, Gr. Floor, Guruhargovindji Marg,
Andheri (E), Mumbai - 400 093

Tel: +91-22-67723901 to 3917; **Fax:** +91-22-6772 3998;

Email: sanjay.vasarkar@indusind.com

Website: www.indusind.com

Contact Person: Mr. Sanjay Vasarkar

SEBI Reg: INBI00000002

**Canara Bank registration was valid till 15/11/2012. Canara Bank has made application to SEBI for renewal and grant of permanent registration vide letter dated 04/08/2012.*

SYNDICATE MEMBER
KEYNOTE CAPITALS LIMITED

The Ruby, 9th Floor,
 Senapati Bapat Marg,
 Dadar (w), Mumbai - 400028
Tel: +91-22- 30266000/48;
Fax: +91-22- 30266088
E-mail : kcl@keynoteindia.net
Website: www.keynotecapitals.com
Contact person: Mr. Ankur Mestry
SEBI Reg No: BSE - INB 010930556, NSE - INB 230930539

SELF CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For details of the Designated Branches of the SCSBs which shall collect Bid cum Application Forms submitted by ASBA Bidders, please refer to the above-mentioned link.

The list of banks where syndicate/sub syndicate member can submit ASBA forms is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1350298477356.html

STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITY

The following table sets forth the distribution of responsibility and co-ordination for various activities among Keynote Corporate Services Limited (**Keynote**) (Book Running Lead Manager to the Issue/BRLM) and Canara Bank Merchant Banking Division (**Canara Bank**) (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.	Keynote	Keynote
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	Keynote & Canara Bank	Keynote
3.	Primary co-ordination with SEBI, RoC and Stock Exchanges up to bidding and coordinating interface with lawyers for agreements	Keynote & Canara Bank	Keynote
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.	Keynote	Keynote
5.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above	Keynote	Keynote

Sr. No.	Activity	Responsibility	Co-ordinator
	including corporate advertisement, brochure, etc.		
6.	Appointing the Registrars, Appointing Bankers to the Issue, Appointing other intermediaries viz., printers and advertising agency	Keynote	Keynote
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. 	Keynote	Keynote
8.	Coordinating institutional investor meetings, coordinating pricing decisions and institutional allocation in consultation with the Company	Keynote	Keynote
9.	Finalising the Prospectus and RoC filing	Keynote	Keynote
10.	Co-ordinating post bidding activities including management of Escrow accounts, coordinating with registrar and dispatch of refunds to Bidders, etc.	Keynote & Canara Bank	Keynote
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.	Keynote	Canara Bank
12.	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. The BRLM and Co-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.	Keynote & Canara Bank	Canara Bank

CREDIT RATING

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

IPO GRADING

Credit Analysis and Research Limited (CARE) has been appointed for grading of the issue.

CARE has assigned a '**CARE IPO Grade 3' [Grade Three]** to the proposed Initial Public Offer (IPO) of Scotts Garments Limited. CARE IPO Grade 3 indicates average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading assigned represents relative assessment of the 'fundamentals' of the issuer.

The grading takes into account experienced promoter and management team, company's long and good operational track record, established and long standing relation with reputed clients spread across global markets, stable income growth, relatively stable margins and strong return on network.

The grading assigned is constrained by SGL's customer and business concentration risk with 50-60% of revenue being derived from a single client and significant share of revenue derived from Europe which is faced with extended economic downturn, working capital intensive nature of operation owing to high inventory days, project implementation risk on account of significant capex in next one year.

TRUSTEES

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

MONITORING AGENCY

No agency has been appointed to monitor the utilization of funds.

APPRAISING AGENCY

The Project has not been appraised by any Bank or Financial Institution.

BOOK BUILDING PROCESS

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- The Book Running Lead Manager, in this case being Keynote Corporate Services Limited and Canara Bank Merchant Banking Division
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
- Registrar to the Issue;
- Escrow Collection Banks and
- Self Certified Syndicate Banks

The Issue is being made through the 100% Book Building Process where 25% of the Issue to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all other eligible QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 40% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the 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.

In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition QIBs are now required to pay full 100% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details, see section “Terms of the Issue” on page no. 231 of this Red Herring Prospectus.

Allocation to QIBs will be on proportionate basis.

The Company shall comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, the Company has appointed the Keynote Corporate Services Limited and Canara Bank Merchant Banking Division as the Book Running Lead Manager to manage the Issue.

The process of Book Building under the SEBI Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of ₹ 40/- to ₹48/- per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centres’ during the bidding period. The illustrative book as shown below indicates the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,700	42	6,000	100.00%
800	41	6,800	113.33%
1,200	40	8,000	133.33%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. ₹ 42/- in the above example. The issuer, in consultation with the BRLM and Co-BRLM will finalize the issue price at or below such cut-off price i.e. at or below ₹ 42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see section titled “Issue Procedure - Who Can Bid?” on page no. 263 of this Red Herring Prospectus);
2. Ensure that you have a active dematerialised account and the dematerialised account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN (see “Issue Procedure - PAN” on page no. 263 of this Red Herring Prospectus); and

4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form;
5. Ensure the correctness of your demographic details given in the Bid cum Application Form, with the details recorded with your Depository Participants
6. Bids by QIBs and Non-Institutional Investors shall be submitted only through the ASBA process; and
7. ASBA Bidders will have to submit their Bids (physical form) to the Designated Branches except for the ASBA Bids in the Specified Cities. In case of the Specified Cities, the ASBA Bids may either be submitted with the Designated Branches or with the Syndicate. ASBA Bidders should ensure that the ASBA Account has adequate credit balance at the time of submission of the Bid cum Application Form to the SCSB to ensure that the Bid is not rejected.

Withdrawal of the Issue

The Company, in consultation with the BRLM and Co-BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	April 25, 2013
BID/ISSUE CLOSES ON	April 29, 2013

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 (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. 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 submitted through the ASBA process, 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 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, BRLM and Co-BRLM and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

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 20% 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 BRLM and Co-BRLM and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Bangalore, Karnataka the Company 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 BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil 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:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with Registrar of Companies, Bangalore, Karnataka)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in lacs)
[•]	[•]	[•]
[•]	[•]	[•]
Total	[•]	[•]

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 the 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. All the above-mentioned Underwriters are registered with SEBI and are eligible to underwrite as per applicable guideline.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, 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. For further details about allocation please refer to “Other Regulatory and Statutory Disclosures” on page 219 of this Offer Document.

CAPITAL STRUCTURE

The share capital of the Company as on the date of filing of this Red Herring Prospectus with SEBI is as set forth below:

Share Capital	Aggregate Value at Nominal Price. (Amount in ₹)	Aggregate Value at Issue Price (Amount in ₹)
A. Authorized Capital: 4,40,00,000 Equity Shares of Face value of ₹10. each	44,00,00,000	44,00,00,000
B. Issued, Subscribed and Paid Up Capital before this Issue: 2,84,77,380 Equity Shares of the Face Value of ₹10 /- each	28,47,73,800	[•]
C. Present Issue in terms of this Red Herring Prospectus:* 1,05,06,954 Equity Shares of the Face Value of ₹10 /- each	10,50,69,540	[•]
<i>Of Which</i> Employee Reservation Portion includes 4,50,000 Equity Shares of the Face Value ₹10 /- each ⁽¹⁾	45,00,000	[•]
D. Net Issue to public 1,00,56,954 Equity Share of the Face Value of ₹10 /- each	10,05,69,540	[•]
<i>Of which</i> i) QIB portion of 25,14,238 Equity Shares ii) Non Institutional Portion not less than 40,22,782 Equity Shares ⁽²⁾ iii) Retail Portion of not less than 35,19,934 Equity Shares ⁽²⁾	2,51,42,380 4,02,27,820 3,51,99,340	[•] [•] [•]
E. Issued, Subscribed and Paid-Up Capital after this Issue 3,89,84,334 Equity Shares of the Face Value of ₹10/- each	38,98,43,340	[•]
Securities Premium Account Before this Issue After this Issue	₹ Lacs 4323.05 [•]	

⁽¹⁾The aggregate of reservation for employees shall not exceed five per cent of the post issue capital of the Company. Further, under subscription, if any, in the Reservation for Eligible Employees, shall be added back to the Net Issue and will be considered for allotment only on a proportionate basis

⁽²⁾ Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Under-subscription, if any, in the Employee Reservation Portion will be added to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted to the Employee Reservation Portion subject to the Net Issue constituting at least 25% of the fully diluted post-Issue paid up capital of our Company.

- Our Company has, by way of a Pre-IPO Placement, allotted 17,39,130 Equity Shares to CVCFL, for an aggregate consideration of ₹1999.99 lacs, at a premium of ₹105.00 per Equity Share

Details of increase in the authorized share capital, since incorporation, are as follows:

Sr.No.	Details of increase in authorized share capital	Date of Resolution
1.	Incorporation ₹ 10.00 Lacs divided into 1,00,000 Equity Shares of ₹ 10/- each.	Memorandum of Association
2.	Increased to ₹ 100.00 Lacs divided into 10,00,000 Equity Shares of ₹ 10/- each.	31/03/2003
3.	Increased to ₹200.00 Lacs divided into 20,00,000 Equity Shares of ₹ 10/- each.	03/10/2005
4.	Increased to ₹ 2000.00 Lacs divided into 2,00,00,000 Equity Shares of ₹ 10/- each.	27/03/2006
5.	Increased to ₹ 4000.00 Lacs divided into 4,00,00,000 Equity Shares of ₹ 10/- each.	01/09/2007
6.	Increased to ₹ 4400.00 Lacs divided into 4,40,00,000 Equity Shares of ₹10/- each.	Pursuant to Scheme of amalgamation*

*Increase in authorized capital pursuant to Scheme of Amalgamation between Arora Fashions Limited (Transferor) and Scotts Garments Limited (Transferee) as approved by the Honourable High Court of Karnataka. For details of the Scheme of Amalgamation please refer page no. 132 of this RHP

Notes to capital structure

1. Share capital history of the company

Equity Share capital history

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment (bonus, swap etc.)	Cumulative Equity Share Capital (no. of shares)
01/03/02	10,000	10	10.00	Cash	Initial subscription at the time of incorporation	10,000
31/03/03	9,90,000	10	10.00	Cash	Allotment to Promoter and Promoter Group	10,00,000
04/10/05	1,000	10	33.00	Cash	Allotment to Promoter Group	10,01,000
28/03/06	1,20,12,000	10	Nil	Bonus @ 12:1	Allotment to Promoter and Promoter Group	1,30,13,000
14/03/07	300	10	10.00	Cash	Allotment to Promoter Group and Non-promoters	1,30,13,300
20/04/07	6,00,000	10	N.A. ⁽¹⁾	Scheme of Amalgamation	Allotment to members of Scotts Clothing Pvt. Ltd. Pursuant to approval of scheme of amalgamation*	1,36,13,300
12/10/07	63,85,000	10	10.00	Cash	Allotment to Promoter & Promoter Group and Non-Promoters	1,99,98,300
12/12/07	3,55,000	10	10.00	Cash	Allotment to Promoter	2,03,53,300



Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment (bonus, swap etc.)	Cumulative Equity Share Capital (no. of shares)
					Group	
12/12/07	15,000	10	20.00	Cash	Allotment to Promoter Group and Non-Promoter	2,03,68,300
12/12/07	1,05,000	10	40.00	Cash	Allotment to Non-Promoters	2,04,73,300
12/12/07	2,89,000	10	50.00	Cash	Allotment to Non-Promoters	2,07,62,300
02/02/08	98,500	10	20.00	Cash	Allotment to Non-Promoters	2,08,60,800
10/03/08	71,000	10	20.00	Cash	Allotment to Non-Promoters	2,09,31,800
31/03/08	30,20,000	10	30.00	Cash	Allotment to Non-Promoters	2,39,51,800
31/03/08	75,000	10	50.00	Cash	Allotment to Non-Promoters	2,40,26,800
31/03/08	3000	10	60.00	Cash	Allotment to Non-Promoter	2,40,29,800
31/03/08	7,08,450	10	80.00	Cash	Allotment to Non-Promoter	2,47,38,250
31/03/09	20,00,000	10	70.00	Cash	Allotment to Non-Promoter	2,67,38,250
26/12/12	17,39,130	10	115.00	Cash	Allotment to Emerging India Growth Fund CVCF V under Pre IPO placement	2,84,77,380

*Allotment pursuant to the scheme of amalgamation between Scotts Clothing Pvt. Ltd. (Transferor) and Scotts Garments Limited (Transferee) as approved by Hon'ble High Court of Karnataka vide order dated 02/04/2007 with effect from 01/04/2006. For details of the Scheme of Amalgamation please refer page no. 131 of this RHP.

(1) Six Shares of Scotts Garments Limited of face value of ₹ 10.00 each were allotted against one share of Scotts Clothing Private Limited of face value of ₹ 100.00 each

The details of the allotment pursuant to scheme of amalgamation are as follows:

Sr. No	Name of the Allottees	No. of Shares of the Company Allotted
1	Mr. Naseer Ahmed	418500
2	Mrs. Nuzhat Aisha Naseer	1500
3	Mr. Loganathan	90000
4	Mr. Palanisamy	90000
	Total	600000

2. Promoter Holding:

History of Share Capital held by the promoter:

Name of Promoter	Date of Allotment /Transfer	Nature of the Issue (Allotment/ Transfer)	Consideration	Number of Shares	Face Value (₹)	Issue/ Transfer Price (₹)	% age of Pre Issue Capital	% age of Post Issue Capital
Mr. Naseer Ahmed	01/03/2002	Initial Subscription to MOA	Cash	9,000	10	10.00	0.03	0.02
	31/03/2003	Allotment	Cash	8,91,000	10	10.00	3.13	2.29
	04/10/2005	Transfer	Cash	1,000	10	10.00	Negligible	Negligible
	28/03/2006	Allotment	Bonus	1,08,12,000	10	Nil	37.97	27.73
	20/04/2007	Scheme of Amalgamation	Other than cash	4,18,500	10	N.A ⁽¹⁾	1.47	1.07
	12/10/2007	Allotment	Cash	4,20,000	10	10.00	1.47	1.08
	26/09/2008	Transfer	Cash	3,000	10	10.00	0.01	0.01
	27/08/2010	Transfer*	Cash	90,000	10	10.00	0.32	0.23
		Total		1,26,44,500	10		44.40	32.43

(1) Six Shares of Scotts Garments Limited of face value of ₹ 10.00 each were allotted against one share of Scotts Clothing Pvt Limited of face value of ₹ 100.00 each

*Mr. Loganathan transferred 90,000 equity shares on 27/08/2010 to Mr. Naseer Ahmed. These shares were allotted to Mr. Loganathan pursuant to the Scheme of Amalgamation between Scotts Clothing Private Limited and Scotts Garments Pvt. Ltd. on 20/04/2007. The equity shares were transferred at the face value on request of the transferor.

3. Promoter contribution locked-in for three years:

The eligible shares for Lock-in as per Chapter IV of ICDR Regulations, 2009 for a period of 3 years is as under:

Name of Promoter	Date of Allotment /Transfer	Nature of the Issue (Allotment/ Transfer)	Consideration	Number of Shares	Face Value (₹)	Issue/ Transfer Price (₹)	% age of Pre Issue Capital	% age of Post Issue Capital
Mr. Naseer Ahmed	27/08/2010	Transfer	Cash	90,000	10	10.00	0.32	0.23
	26/09/2008	Transfer	Cash	3,000	10	10.00	0.01	0.01
	12/10/2007	Allotment	Cash	4,20,000	10	10.00	1.47	1.08
	20/04/2007	Scheme of Amalgamation	Other than cash	4,18,500	10	N.A	1.47	1.07
	28/03/2006	Allotment	Bonus	68,65,500	10	Nil	24.11	17.61
TOTAL				77,97,000			27.38	20.00

Specific written consent has been obtained from the Promoter for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post-Issue paid-up equity share capital from the date of allotment in the proposed public issue. Promoters' contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

Shares held by the person other than the Promoter, prior to this Issue, which are subject to lock in as per Regulation 37 of SEBI (ICDR) Regulations 2009, may be transferred to any other person holding shares which are locked in, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Regulation 36 of the SEBI Regulations, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. As per Regulation 39 of SEBI (ICDR) Regulations, 2009, the locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan. Provided that if securities are locked in as minimum promoters' contribution under Regulation 36 of the SEBI Regulations, the same may be pledged, only if, in addition to fulfilling the requirements of this clause, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue. Other than those shares that are locked in as promoter's contribution for three years, the entire pre-issue share capital will be locked in for a period of one year from the date of allotment in this public issue.

4. The shareholding pattern of the Company before and after the Issue is as follows:

Category of Shareholder	No. of Shareholders	Pre-Issue				Post-Issue			Shares Pledged or otherwise encumbered	
		Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Total No. of Shares	Total Shareholding as a % of total No. of Shares		Number of shares	As a % of Total No. of Shares
				As a % of (A+B)	As a % of (A+B+C)		As a % of (A+B)	As a % of (A+B+C)		
(A) Shareholding of Promoter and Promoter Group										
Indian										
Individuals/ Hindu Undivided Family	14	1,55,11,100	Nil	54.46	54.46	1,55,11,100	39.79	39.79	Nil	Nil
Central Government/ State Government	Nil	Nil	Nil	Nil	Nil	-	-	-	-	-
Bodies Corporate	1	48,31,250	Nil	16.97	16.97	48,31,250	12.39	12.39	Nil	Nil
Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	-	-	-	-	-
Any Others (Specify)	Nil	Nil	Nil	Nil	Nil	-	-	-	-	-
Sub Total (A)(1)	15	2,03,42,350	Nil	71.43	71.43	2,03,42,350	52.18	52.18	Nil	Nil
Foreign										
Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	-	-	-	-	-
Bodies Corporate	Nil	Nil	Nil	Nil	Nil	-	-	-	-	-
Institutions	Nil	Nil	Nil	Nil	Nil	-	-	-	-	-
Any Other (Specify)	Nil	Nil	Nil	Nil	Nil	-	-	-	-	-
Sub Total (A)(2)	Nil	Nil	Nil	Nil	Nil	-	-	-	-	-



Category of Shareholder	No. of Shareholders	Pre-Issue				Post-Issue			Shares Pledged or otherwise encumbered	
		Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Total No. of Shares	Total Shareholding as a % of total No. of Shares		Number of shares	As a % of Total No. of Shares
				As a % of (A+B)	As a % of (A+B+C)		As a % of (A+B)	As a % of (A+B+C)		
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	15	2,03,42,350	Nil	71.43	71.43	2,03,42,350	52.18	52.18	Nil	Nil
(B) Public Shareholding										
Institutions										
Mutual Funds/ UTI	Nil	Nil	Nil	Nil	Nil					
Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil					
Central Government/ State Government	Nil	Nil	Nil	Nil	Nil					
Venture Capital Funds	1	17,39,130	17,39,130	6.11	6.11					
Insurance Companies	Nil	Nil	Nil	Nil	Nil					
Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil					
Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil					
Any Others (Specify)	Nil	Nil	Nil	Nil	Nil					
Sub Total (B)(1)	1	17,39,130	17,39,130	6.11	6.11				Nil	Nil
Non-Institutions										
Body Corporate	12	55,04,550	Nil	19.33	19.33	1,86,41,984	47.82		Nil	Nil
Individuals:										
Individuals - i. Individual shareholders holding nominal share capital up to ₹ 1 Lakh	106	5,01,600	29,500	1.76	1.76				Nil	Nil
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	11	3,64,750	Nil	1.28	1.28				Nil	Nil
Any Other (Specify)	Nil	Nil	Nil	Nil	Nil					
Non-Resident Indians (OCBs)	Nil	Nil	Nil	Nil	Nil					
Hindu Undivided Family	1	25,000	Nil	0.09	0.09				Nil	Nil
Demat - Clearing Member	Nil	Nil	Nil	Nil	Nil					
Sub-Total (B)(2)	130	63,95,000	29,500	22.46	22.46	1,86,41,984	47.82	47.82		
Total Public Shareholding	131	81,35,030	17,68,630	28.57	28.57	1,86,41,984	47.82	47.82	Nil	Nil



Category of Shareholder	No. of Shareholders	Pre-Issue				Post-Issue			Shares Pledged or otherwise encumbered	
		Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Total No. of Shares	Total Shareholding as a % of total No. of Shares		Number of shares	As a % of Total No. of Shares
				As a % of (A+B)	As a % of (A+B+C)		As a % of (A+B)	As a % of (A+B+C)		
(B)=(B)(1)+(B)(2)										
TOTAL (A)+(B)	146	2,84,77,380	17,68,630	100.00	100.00	3,89,84,334	100.00	100.00	Nil	Nil
Shares held by Custodians and against which Depository Receipts have been issued (C)	Nil	Nil	Nil	Nil	Nil	-	-	-		
GRAND TOTAL (A)+(B)+(C)	146	2,84,77,380	17,68,630	100.00	100.00	3,89,84,334	100.00	100.00	Nil	Nil

5. There are no transactions in the Company's Equity Shares by the Promoter & their relatives or the directors of the Company during a period of six months preceding the date of filing of Draft Red Herring Prospectus with SEBI except the following:

Date of Transfer	Transferor	Transferee	No. of shares	Issue Price
27/08/2010	Mr. Loganathan	Mr. Naseer Ahmed	90,000	10.00

6. Equity Shares held by the top ten shareholders:

6a. Top ten shareholders as on the date of filing this Red Herring Prospectus with ROC:

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital (face value ₹ 10/-)
1.	Mr. Naseer Ahmed	1,26,44,500	44.40
2.	Pedigree Construction Pvt. Ltd.	48,31,250	16.97
3.	B.R.Machine Tools Pvt. Ltd.	30,05,500	10.55
4.	Bombay Rayon Fashions Ltd.	20,00,000	7.02
5.	Canbank Venture Capital Fund Ltd.	17,39,130	6.11
6.	Mrs. Nuzhat Aisha Naseer	7,64,500	2.68
7.	Mr. Awaiz Ahmed	6,43,500	2.26
8.	Master Faiz Ahmed (Held by Mr. Naseer Ahmed as Father and natural guardian)	6,43,500	2.26
9.	Ashwell Textiles Pvt. Ltd.	1,99,800	0.70
10.	Best View Infrabuild Private Limited	1,16,000	0.41
	Total	2,65,87,680	93.36

6b. Top ten shareholders ten days prior to filing this Red Herring Prospectus with ROC:

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital (face value ₹ 10/-)
1.	Mr. Naseer Ahmed	1,26,44,500	44.40

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital (face value ₹ 10/-)
2.	Pedigree Construction Pvt. Ltd.	48,31,250	16.97
3.	B.R.Machine Tools Pvt. Ltd.	30,05,500	10.55
4.	Bombay Rayon Fashions Ltd.	20,00,000	7.02
5.	Canbank Venture Capital Fund Ltd.	17,39,130	6.11
6.	Mrs. Nuzhat Aisha Naseer	7,64,500	2.68
7.	Mr. Awaiz Ahmed	6,43,500	2.26
8.	Master Faiz Ahmed (Held by Mr. Naseer Ahmed as Father and natural guardian)	6,43,500	2.26
9.	Ashwell Textiles Pvt. Ltd.	1,99,800	0.70
10.	Best View Infrabuild Private Limited	1,16,000	0.41
	Total	2,65,87,680	93.36

6c. Top ten shareholders two years prior to filing this Red Herring Prospectus with ROC

Sr. No.	Name of the Shareholder	No. of Shares	% to Paid up Capital (face value ₹ 10/-)
1	Mr. Naseer Ahmed	1,26,44,500	47.29
2	Pedigree Construction Pvt. Ltd.	48,31,250	18.07
3	B.R.Machine Tools Pvt. Ltd.	30,05,500	11.24
4	Bombay Rayon Fashions Ltd.	20,00,000	7.48
5	Mrs. Nuzhat Aisha Naseer	7,64,500	2.86
6	Mr. Awaiz Ahmed	6,43,500	2.41
7	Master Faiz Ahmed (Held by Mr. Naseer Ahmed as Father and natural guardian)	6,43,500	2.41
8	Ashwell Textiles Pvt. Ltd.	2,80,700	1.05
9	Mr. Mukhtar Ahmed	1,00,100	0.37
10	Mr. Aslam Ahmed	1,00,000	0.37
	Ms. Zareena Begum	1,00,000	0.37
	Ms. Jabeen Sultana	1,00,000	0.37
	Ms. Yasmeen Sultana	1,00,000	0.37
	Ms. Nazneen Ishrath	1,00,000	0.37
	Ms. Thaseen Sultana	1,00,000	0.37
	Ms. Kasthuri Begum	1,00,000	0.37
	Ms. Parvathi A.	1,00,000	0.37
	Mr. Pranav Verma	1,00,000	0.37
	Total	2,57,23,550	96.54

7. Till date Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.
8. There is no “buy back” or “stand by” arrangement for purchase of Equity Shares by SGL, our Promoter, Directors, BRLM and Co-BRLM for the equity shares offered through this Red Herring Prospectus.
9. The Company has not raised any bridge loan against the proceeds of the issue.

10. The company has 146 Shareholders as on the date of filing this Red Herring Prospectus with SEBI.
11. We have allotted 17,39,130 equity shares of ₹10/- at an issue price of ₹115/- per equity share to Canbank Venture Capital Fund (CVCFL), through its Trustee and Investment Manager under Pre-IPO placement prior to the date of the Red Herring Prospectus. The price at which equity shares were allotted to CVCFL may be lower than the Issue Price. The funds raised by way of the Pre-IPO Placement shall be utilized towards the objects of the Issue. For further details, please see "Objects of the Issue" on page 44.
12. An over-subscription to the extent of 10% of the net issue to public can be retained for purposes of rounding off to the nearest multiple of minimum allotment lot.
13. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
14. A total of 4,50,000 Equity Shares have been reserved for allocation to the Eligible Employees on competitive basis, subject to valid bids being received at or above the issue price. Employees can also make Bids in the Net Issue to Public and such Bids shall not be treated as multiple Bids. The aggregate of reservations for employees shall not exceed five per cent of the post issue capital of the Company.
15. Under-subscription, if any, in the Reservation for Eligible Employees shall be added back to the Net issue. In case of under-subscription in Non Institutional Portion and Retail Portion, spill over to the extent of under subscription shall be permitted from other categories.
16. 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.
17. SGL has not revalued its assets since its incorporation.
18. SGL has not made any public issue since its incorporation.
19. We undertake that at any given time, there shall be only one denomination for the Equity Shares of the Company and that it shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
20. As on the date of this Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into the Equity Shares. The shares locked in by the Promoter are not subject to any pledge.
21. No payment, direct or indirect, in the nature of discount, commission allowance or otherwise shall be made either by the issuer company or the promoter in any public issue to the persons who receive firm allotment in the public issue.
22. The Equity Shares offered through this Issue will be fully paid up.
23. As on date of this RHP there are no equity shares held by BRLM and Co-BRLM. However, CVCFL, a wholly owned subsidiary of Canara Bank is holding 17,39,130 equity shares of ₹10/- through its Trustee and Investment Manager.



24. The Issue is being made through the 100% Book Building Process wherein 25% of the Net Issue shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers. Further, 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining QIB portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. 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 be added to the QIB portion and be available for allocation proportionately to the QIB Bidders. Further, not less than 40% of the Net Issue shall be made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

OBJECTS OF THE ISSUE

The Objects of the Issue is to raise resources to finance:

- Setting up of unit for Trouser manufacturing at Doddaballapur, Karnataka and Knitting & Fabric Processing Unit at Kagal - Kolhapur, Maharashtra
- Margin Money for working capital of new units
- General corporate purpose
- Issue expenses

In addition, our company expects to receive the benefits of listing of equity shares on the Stock Exchange.

The main object clause of our Memorandum of Association and objects incidental to the attainment of the main objects enables us to undertake the existing activities and the activities for which funds are being raised by us through this Issue.

The net proceeds of the Issue after deducting the expenses for the Issue are estimated at ₹ [•] Lacs. The Fund requirement is based on the current business plan. In view of the competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently the fund requirement may change.

Requirement of Funds and Means of Finance

Requirement of Funds

We intend to utilize net issue proceeds for financing the above mentioned objects. The details of utilization of Proceeds are as per the table set forth below:

		(₹In Lacs)
Sr. No	Particulars	Amount
1	Setting up of unit for Trouser manufacturing at Doddaballapur, Karnataka and Knitting and Fabric Processing at Kagal - Kolhapur, Maharashtra	
1.1	Land & Site Development	1316.00
1.2	Building and Civil Works	7286.41
1.3	Machineries and Equipments	17204.15
1.4	Miscellaneous Fixed Assets	2612.50
1.5	Preliminary and pre Operative Expenses	1289.98
1.6	Provisions for Contingencies	1168.73
2	Margin Money for Working Capital	1116.80
3	Issue Expenses	[•]
4	General Corporate Purpose	[•]
	TOTAL	[•]

Means of Finance

Particulars	Amount (₹In lacs)	Grand Total
Term Loan for Doddaballapur Project from Canara Bank	6000.00	
Term Loan for Kagal Project from Canara Bank	9000.00	15000.00
Public Issue of equity shares		[•]

Particulars	Amount (₹In lacs)	Grand Total
Internal Accruals*		[•]
Total Means of Finance		[•]

*The amount other than IPO proceeds and Term Loan proceeds required towards the 'Objects of the Issue' shall be funded from internal accruals. Any funds deployed from internal accruals over and above the required amount shall be adjusted with the IPO proceeds and ploughed back in the Company.

Firm Arrangement

We undertake that firm arrangements of finance through verifiable means towards hundred percent of the stated means of finance excluding the amount raised through proposed issue and existing identifiable internal accruals have been made.

Our Company has been sanctioned term loans from Canara Bank aggregating to ₹15000.00 lacs for the project at Doddaballapur and Kagal.

The important terms and conditions of the sanction for Doddaballapur and Kagal project are as follows:

Nature of Loan	Term Loan for Doddaballapur	Term Loan for Kagal under RTUFS
Date of Sanction Letter	22/09/2010	12/04/2013
Amount	₹60.00 crores	₹ 90.00 Crores
Margin	41.18%	60.34%
Rate of Interest	1. Base Rate + 4% p.a. (i.e. 12% p.a.)	Base Rate +3.00% p.a. (i.e. presently 13.25%, floating)
Purpose	2. To part fund expansion project i.e. setting up of garment units to produce 30,000 pieces of trousers/day and 40,000 kgs/day of Knitted fabrics* at Doddaballapur *Presently the Knitting Fabric unit has been shifted to Kagal, Kolhapur, Maharashtra	Towards part funding knitted process fabric unit at KITTPL at Kagal, Kolhapur
Tenor	Door to Door -11 years	Door to Door - 6 1/2 years
Repayment	3. In 95 monthly instalments of ₹ 1.30 Crores each and the last instalment being ₹ 1.50 Crores. Interest to be paid as and when due. Initial repayment holiday of 3 years including implementation period.	6 1/2 years including initial moratorium of 1 1/2 years. Repayment in 20 equal quarterly instalments of ₹4.50 crores each. Repayment to commence on completion of 21 months from the date of first disbursement
Security	Exclusive Charge on project assets.	Exclusive Charge on project assets
Personal Guarantee	1. Mr. Naseer Ahmed - net worth ₹	1. Mr. Naseer Ahmed - net worth ₹

Nature of Loan	Term Loan for Doddaballapur	Term Loan for Kagal under RTUFS
	6.43 Crores. 2. Mrs. Nuzhat Aisha Naseer - Net Worth ₹ 1.06 Crores.	14.44 Crores. 2. Mrs. Nuzhat Aisha Naseer - Net Worth ₹ 0.50 Crores.

The other important terms and conditions for Sanction of loan for the Project are as under :

Doddaballapur Project:

1. Auditor's certificate to the effect that there are no arrears in the payment of statutory dues by the company shall be submitted.
2. Company to undertake for the following:
 - a. Not to divert the bank borrowings/Working Capital Funds
 - b. Undertaking any new project/scheme of modernization unless such an expenditure on expansion is covered by company's net cash accruals after providing for Dividends, etc., or for long term uses without NOC from the bank.
 - c. Invest by way of Share capital in or lend or advance funds to or place deposits with any associates/allied/sister/any other concerns. Normal trade credit or security deposits in usual course of business or advances to employees are not covered under this covenant.
 - d. To enter into any borrowing arrangements either secured or unsecured with any other banks/Financial Institutions/Company
3. The decision on merger, amalgamation, reconstruction take over, shifting of premises, shall be done only with prior permission of the bank. An undertaking to this effect should be given.
4. The company should submit the periodical information like OCC, Stock Statements cum MSOD, Book Debt Statement, Financial Statements, Quarterly Operating Statements from time to time failing which the bank will charge additional interest not exceeding 2% on the outstanding liability.
5. Bank may at its discretion entrust the job of periodical valuation of securities charged, to a valuer approved by the bank and such expenses shall be borne by the borrower.
6. Copies of ITAO or statement of return/auditor's certificate regarding submission of upto date Tax returns of company/partner/guarantor shall be submitted.
7. If Firm/Company is reconstituted, continuation of Credit facilities will be subject to obtention of banks specific permission.
8. Assets (Current/Fixed) charged to the bank shall be adequately insured for all risks as per norms.

Our company had availed a term loan of Rs.46.70 crores for our Doddaballapur project out of a total sanction of Rs.60 crores from Canara Bank. Our company had also made an application to State Bank of India for sanctioning of term loan facility for the Doddaballapur project for better terms and interest rates. State Bank of India has sanctioned an amount of Rs.55.40 crores term loan for the said project. The interest rate as per the sanction of State Bank of India is 12.40% p.a. as against rate of interest of 13.75% p.a. sanctioned and availed from Canara Bank. We propose to repay the outstanding term loan of Canara Bank in order to save on interest cost. The loan sanctioned by State Bank of India is also eligible for benefits under RTUFS of Government of India. In the meantime we have also availed a short term loan of Rs.19 crores from IndusInd Bank on 09/04/2013 to repay portion of term loan availed from Canara Bank. The period of loan of IndusInd Bank is 1 year and rate of interest is 11%.

We are in the process of availing the term loan sanctioned by State Bank of India by completing the necessary documentation. We propose to repay the outstanding loan of Canara Bank sanctioned for Doddaballapur project and avail the new loan sanctioned by State Bank of India as mentioned above. Balance of Rs.4.60 crores required to part finance the Doddaballapur project would be met through internal accruals.

The details of term loan sanctioned by State Bank of India are as under

Nature of Loan	Term Loan for Doddaballapur Project from SBI
Date of Sanction Letter	02/01/2013
Amount	₹ 55.40 crores
Margin	33.53% of the Project Cost
Rate of Interest	Base Rate (9.75%) + 2.65% p.a. (i.e. 12.40% p.a.)
Purpose	To part fund expansion project i.e. setting up of garment units to produce 30,000 pieces of trousers/day and 40,000 kgs/day of Knitted fabrics* at Doddaballapur
Tenor	78 months including moratorium period of 6 months
Repayment	In 60 monthly instalments of ₹ 0.75 Crores each and 11 monthly instalment of ₹ 0.85 Crores and last installment of ₹ 1.05 crores
Security	Exclusive Charge on project assets
Personal Guarantee	Mr. Naseer Ahmed Mrs. Nuzhat Aisha Naseer

TERMS & CONDITIONS:

- 1) To Submit NOC from KIADB and Canara Bank for mortgaging of leasehold rights before disbursement
- 2) To Submit closure letter from Canara Bank for the existing term loan outstandings
- 3) Company's Statutory Auditor's certificate to be obtained for Company's investments in Doddaballapur project before disbursement
- 4) All statutory approvals including PCB Clearance to be submitted before disbursement of the loan
- 5) Processing fee and upfront fee, besides penal interest as per previous sanction terms as applicable have to be recovered before disbursement of credit facilities
- 6) Security Documentation and formalities of EM creation / extension have to be completed before disbursement of the enhanced / new loan limits
- 7) Bank's charge on the immovable properties should be noted with the Sub-Registrar of Assurances concerned / CERSAI, before disbursement
- 8) Promoters to bring in the stipulated margins upfront / proportionately before disbursement of limits. A certificate to this effect should be obtained from the Statutory Auditors of the unit / Company to be submitted on record
- 9) Up-to-date nil encumbrance certificates should be obtained and submitted for all the properties mortgaged to the Bank, before disbursement and thereafter every 12 months as per extant instructions

- 10) Limits are to be disbursed only after completion of all formalities including:
- A) Security Documentation
 - B) Mortgage creation / Extension / Regn. Of E.M
 - C) Filing of charge with ROC / CERSAI
- 11) Bank's charge on the assets of the Company should be registered with the ROC concerned within the mandatory period and fresh search report should be obtained and placed on record.
- 12) To submit list of machineries hypothecated to the Bank to other Banks / F.I.s separately.
- 13) The unit to furnish an undertaking that any escalation in project cost shall be borne by the borrower.

Kagal Project:

The following permissions / approvals should be in place and produced for verification :

1. Pollution control Certificate from State Government / Pollution Control Board.
2. Consent from Directorate of Factories for Operations for Textiles Manufacturing facilities.

The company will keep the bank informed of the happening of any event likely to have a substantial adverse effect on their operations, sales, profits etc and the remedial steps proposed to be taken by the company.

Non compliance of any of the sanction terms/ conditions is liable to attract penal interest @ 2% over and above applicable ROI

The bank reserves the right to call up the loan upon the happening of any of the under noted or other events considered likely to jeopardise the interest of the bank.

1. Any instalments remaining unpaid on the due date
2. The company committing any breach or default in the performance or observance of the covenants other documents executed by them or any other terms and conditions relating to the loan'
3. Execution or distress being enforced or levied against the whole or any part of the company's property
4. The company ceasing or threatening to cases to carry on their business

The security for this term loan is extendable to working capital facilities enjoyed with our bank (presently aggregating to Rs. 170 crore as regular facility) as collateral security

Submission of monthly PIPR by the LIE and certificate from practising Chartered Accountant (CA) for expenditure incurred on the project for review of progress on the project by the bank

The company should furnish details regarding break up of the miscellaneous fixed assets estimated under the total project cost

The disbursement shall be made based on the purchase orders/ quotations and othe supporting documents including CA certificate

The project margin is proposed to be met out of IPO proceeds / internal accruals. Hence the proceeds of IPO shall be pooled in a no-lien account with us or otherwise our lien shall be got marked on the IPO proceeds amount with other banks to the extent of equity money required for this project. Company shall confirm and ensure compliance of this requirement without fail and shall notify the Merchant Bankers and Managers / Bankers to the IPO issue in this regard as may be required.

TUF eligibility to be got established from TUF cell as per new R-TUFS

Penal interest of 2 % p.a. on the outstanding liability shall be collected if the audited financial statement is not submitted before 31st October of every year or within a fortnight from the date of audit of financials accounts of the company whichever is earlier

DETAILS OF THE OBJECTS OF THE ISSUE

1. Setting up of unit for Trouser manufacturing at Doddaballapur, Karnataka and Knitting and Fabric Processing at Kagal - Kolhapur, Maharashtra

Our company proposed to set up Readymade Garment units for exports at different locations in Karnataka towards for which we have entered into a tripartite MOU with Government of Karnataka and Bombay Rayon Fashions Limited (BRFL). The trouser manufacturing unit at Doddaballapur is one of the locations forming part of the said tripartite MOU. For the details of MOU please refer page no. 133 of the offer document. The trouser manufacturing unit at Doddaballapur is one of the locations forming part of tripartite MOU. We propose to utilize part of the issue proceeds for setting up manufacturing unit at Doddaballapur. Presently, we are in the advanced stage of completion of setting up of trouser manufacturing unit at Doddaballapur and the same is being independently executed by us.

We had appointed Gherzi Eastern Limited (GEL) a firm specialized as consultants, engineers and architects for designing and execution of the Project. Gherzi was founded in 1960 and focuses on the dynamic needs of various industries and provides comprehensive consulting services. GEL is an ISO 9001/2008 certified organization for providing consultancy services in Architectural & Engineering Designs and Project Management and has successfully completed over 1800 projects across different sectors like textile, industrial plants, commercial complexes, etc.

Presently it has been proposed to set up the knitting & fabric processing unit from Doddaballapur to Kagal - Kolhapur, Maharashtra. A Techno Economic Feasibility Report (TEFR) dated 09/07/2012 from Gherzi for the execution of the Kagal Project has been obtained. The additional benefits that will be available to the company in view of the change in the location of the Knitting and Fabric Processing unit is as detailed hereinunder :

The following benefits will be available to the Company by shifting the project to Kagal:

- 10% Capital Subsidy and 5% Interest Subsidy from Ministry of Textiles under RTUFS.
- Maharashtra State Government to provide assistance in a manner that effective rate of interest payable will be 2% after taking into account assistance from all the sources. The applicable interest rate will be taken as either 12.5% or Banks prime lending rate or the rate of interest actually charged, whichever rate is less.
- Benefits those are eligible for Scheme for Integrated Textile Park (SITP) by Ministry of Textiles (MoT) including subsidy for development of Park resulting savings in infrastructure and common facilities, ETP etc.

1.1 Land and Site Development

Trouser Manufacturing Unit at Doddaballapur, Karnataka

We have set up trouser manufacturing unit at D-3, D-4, A-3, A-10, A-11, S-43, S-44 and S-45 (P), Apparel Park Industrial Area, I Phase, Doddaballapur, Karnataka allotted by Karnataka Industrial Areas Board (KIADB) which is proposed to be completely functional by December 2012. The allotted land admeasures 57,567 sq meters. . This land was initially allotted on lease-cum-sale basis for period of 6 years vide allotment letter dated 25/03/2010. Subsequently, our Company entered into a lease cum sale arrangement with KIADB vide agreement dated 28/02/2011 with revised period of ten years (10 years). During the subsistence of the lease period and also thereafter, that is during the interregnum between the expiry of the lease period and the execution of the sale deed, the lessee shall pay to the lessor yearly rent of ₹ 14,225/- (Rupees Fourteen thousand two hundred and twenty five only) and maintenance charges of ₹ 1,06,688/- (Rupees One Lakh six thousand six hundred and eighty eight only). We have incurred total cost of ₹ 693.00 lacs for acquisition of land on lease cum sale basis and for the site development.

Knitting & Fabric Processing Unit at Kagal - Kolhapur, Maharashtra

The location of knitting & fabric processing unit has been shifted to Kagal Industrial Textile Technology Park promoted by Kagal Industrial Textile Technology Park Private Limited (KITTP). It is located at T-53/2, Kagal-Hatkanangale Five Star Indl. Area, Kagal - Dist Kolhapur, Maharashtra.

KITTP has been formed under the "Scheme for Integrated Textile Park" promoted by Government of India, Ministry of Textiles. The total land allotted to KITTP at Kagal is 2,00,000 sq meters on lease basis initially for a period of 5 years by Maharashtra Industrial Development Corporation (MIDC). Our Company proposes to acquire 40,000 sq. Meter of land on leave and license basis from KITTP. For the purpose of allotment of the said land we have entered into Share Subscription Agreement (SSA) dated 18/01/2012 with KITTP to subscribe to 50,00,000 equity shares of face value ₹10/- each. KITTP has vide letter dated 15/09/2012 indicated the allocation of 40,000 sq meter of land to our Company on advance payment of ₹10.00 lacs. In terms of the SSA and the letter dated 15/09/2012, the said land shall be allotted to our Company on receipt of ₹500.00 lacs towards the allotment of 50,00,000 equity shares of KITTPL of the face value of ₹10/- each and the Company entering into a leave and license agreement by paying an amount of ₹100.00 lacs as a non refundable deposit. The other terms and conditions shall be finalized at the time of entering into leave and license agreement.

Our company has made advance payment of ₹10.00 lacs towards the allocation of land of 40,000 sq meter and have been allocated the said land vide letter dated 01/10/2012 from KITTP. The total cost estimated for land and site development is ₹ 623.00 lacs.

1.2 Buildings and Civil Works

We have commenced the construction of factory building, for a total built up area of 34,203 sq.meter with an estimated total cost of ₹ 3777.52 lacs for setting up trouser manufacturing unit at Doddaballapur, Karnataka.

The following are details of buildings and civil works at Doddaballapur:

Description	Type of Construction	Area (Sq.Meter)	Rate per Sq. Meter (₹)	Amount (₹In Lacs)
Garments Section				
Production Hall (Ground Floor)	R.C.C. Columns,	3750	10800	405.00
Production Hall (First Floor)	Brick walls, Steel	3750	10800	405.00
Production Hall (Second Floor)	Struss, Kotah Stone	3750	10800	405.00
Garment Printing Hall	etc.	3750	10800	405.00
Washing Unit				
Ground Floor	R.C.C. Columns,	3750	10800	405.00
First Floor	Brick Walls, Steel	3750	10800	405.00
Second Floor	Struss, Kotah Stone	3750	10800	405.00
Third Floor	etc.	3750	10800	405.00
Miscellaneous				
Boiler	R.C.C. Construction	50	10800	54.00
Water Tank	R.C.C. Construction	253	10800	27.32
Security Room	R.C.C. Construction	1500	10800	259.20
Store Area	R.C.C. Construction	2400	10800	162.00
Underground Water Tank	R.C.C. Construction			35.00
TOTAL				3777.52

In terms of Techno Economic Feasibility Report of Gherzi dated 09/07/2012 (TEFR) the total construction cost of Knitting & Fabric processing unit at Kagal, Kolhapur is estimated at ₹ 3509.02 lacs for a total built up area of 33,700 sq. meter. The following are details of buildings and civil works to be executed at Kolhapur as provided in TEFR of Gherzi:

Description	Type of Construction	Area (Sq.Meter)	Rate per Sq. Meter (₹)	Amount (₹ In Lacs)
Main Production Hall - Knitting/Processing				
Yarn Store	R.C.C. Columns,	2,500	10,000	250.00
Knitting section - Production Hall	Brick Walls, Steel	4,400	10,000	440.00
Grey Fabric Store	Struss, Kotah Stone	2,500	10,000	250.00
Processing - Production Hall	etc.	9,600	10,000	960.00
Finish Fabric Store		2,500	10,000	250.00
Utility Area				
Humidification for Knitting & Flat Knitting	R.C.C. Construction	1100	10000	110.00
Mezzanine Floor in Knit Processing Section	R.C.C. Construction	1200	10,000	120.00
Ware House	R.C.C. Construction	3000	10,000	300.00
Canteen	R.C.C.	1,200	8,000	96.00



Description	Type of Construction	Area (Sq.Meter)	Rate per Sq. Meter (₹)	Amount (₹ In Lacs)
	Construction			
Utility buildings	R.C.C. Construction	500	8,000	40.00
Boiler House	R.C.C. Construction	500	8,000	40.00
Miscellaneous				
Administration Building with training centre	R.C.C. Construction	1200	10,000	120.00
Pump House (including water treatment)	R.C.C. Construction	250	8,000	20.00
Gate House/Security	R.C.C. Construction	250	8,000	20.00
General Store	R.C.C. Construction	3,000	8,000	240.00
Underground Water Tank	R.C.C. Construction	For 9,50,556 litres		37.89
Civil Work for ETP	R.C.C. Construction			200.00
Cycle Stand/Car Bus Stand Shed	Shed			5.00
Septic Tank	R.C.C. Construction			10.00
TOTAL				3508.89

1.3 Plant and Machinery

The break up of cost of plant and machinery for Trouser manufacturing and for Knitting and Fabric Processing is given under:

(Amount ₹ In lacs)

Sr. no	Particulars	Amount
1.3.1	Trouser Manufacturing/Garment Manufacturing (Imported)	2,733.61
1.3.2	Knitting and Fabric Processing (Imported)	12,967.85
1.3.3	Knitting and Fabric Processing (Indigenous)	1502.69
	Total Plant and Machinery cost	17,204.15

1.3.1 Detailed break Up of Trouser/Garment Manufacturing Plant and Machinery

(₹ in lacs)

Sr. No	Description	Manufacturer/Supplier	Currency*	Quantity	Unit Price	Amount (Quantity X Unit Price)	Amount in ₹ (including Duty & CIF)
1	Manufacturing of Trouser						
	Class Feed off the Arm	Juki Singapore	USD	50	2500	125000	



Sr. No	Description	Manufacturer/Supplier	Currency*	Quantity	Unit Price	Amount (Quantity X Unit Price)	Amount in ₹ (including Duty & CIF)
	Industrial Sewing Machine	PTE Ltd (Invoice dated 31/03/2012)					72.19
	Button Hole Sewing Machine		USD	50	4500	225000	129.94
	Computerised Button Stitch Machine		USD	30	3200	96000	55.44
	Feed off the arm - 3 needle Chain Stitch Machine	VI.BE.MAC. S.P.A. (Proforma Invoice dated 08/06/2012)	Euro	45	5500	247500	181.91
	Automatic Belt loop Machine		Euro	15	15500	232500	170.89
	2 needle Automatic Pocket Hemming chain stitch		Euro	1	16500	16500	12.13
	Laser Machine table & 3 Mannequin	FG TEKSTIL KONFEKSIYON SAN VE TIC LTD, STI (Proforma Invoice dated 05/06/2012)	Euro	1	290000	290000	213.15
	Automatic Spray Robot		Euro	1	200000	200000	147.00
	Recording Module		Euro	1	20000	20000	14.70
	Back Pocket Hemming Unit	Singapore Industrial Product (PTE) Ltd. (Proforma Invoice dated 21/05/2012)	Euro	4	9700	38800	28.52
	Belt Loop Fusing Unit		Euro	5	3200	16000	11.76
	Feed off the Arm		Euro	76	4700	357200	262.54
	Decorative Stitch		Euro	11	10500	115500	84.89
	Belt Loop Setter Complete Set		Euro	15	15600	234000	171.99
	FDM Single Needle Direct Drive Machine	Rongde International Trading Co. Ltd. (Proforma Invoice dated 25/05/2012)	USD	500 sets	421	210500	121.56
	Sub Total						1678.61
2	Garment Laundry						
	Stone & Enzyme washing Machine	TGS DIS TICARET A.S. VEKILI (Invoice dated 27/03/2012)	Euro	5	32500	162500	119.44
	Tumbler Dryer Machines		Euro	1	6500	6500	4.78
	High Speed Eco Dyeing &		Euro	1	14300	14300	



Sr. No	Description	Manufacturer/Supplier	Currency*	Quantity	Unit Price	Amount (Quantity X Unit Price)	Amount in ₹ (including Duty & CIF)
	Washing Machines						10.51
	High Speed Washing Machines		Euro	2	12675	25350	18.63
	High Speed Eco Dyeing & Washing Machines	TGS DIS TICARET A.S. VEKILI	Euro	5	53950	269750	198.27
	Stone & Enzyme washing Machine	(Invoice dated 27/04/2012)	Euro	2	19750	39500	29.03
	Tumbler Dryer Machines	TGS DIS TICARET A.S. VEKILI	Euro	1	6500	6500	4.78
	Tumbler Dryer Machines	(Invoice dated 19/03/2012)	Euro	6	18525	111150	81.70
	Hydro Extractor		Euro	1	19825	19825	14.57
	Sub Total						481.70
3	Garment Printing						
	Laser Printing Machine with Accessories	Jenologia S.L. (Invoice dated 14/12/2011 & 13/01/2012)	Euro	4	95000	380000	279.30
	Laser Printing Machine with Accessories	FG TEKSTIL KONFEKSIYON SAN VE TIC LTD, STI (Invoice dated 04/01/2012)	Euro	4	100000	400000	294.00
	SUB TOTAL						573.30
	GRAND TOTAL (1+2+3)						2733.61

* Currency Rate: USD = ₹55, Euro = ₹70

1.3.2 Detailed break Up of Knitting and Fabric Processing Plant and Machinery

The details of the plant and machinery to be purchased in terms of TEFRR are as follows:

Sr. No	Description	Quantity	Currency #	Unit Price	Amount (Quantity X Unit Price)	Amount (₹ In Lacs)
1	<i>Knitting</i>					
	Single jersey 30/24 Dia/GG	26	Euro	60,000	15,60,000	1092.00
	Single Jersey 34/28 Dia/GG - Open width	23	Euro	70,000	16,10,000	1127.00
	Interlock 30/24 Dia/GG	4	Euro	72,000	2,88,000	201.60



Sr. No	Description	Quantity	Currency #	Unit Price	Amount Amount (Quantity X Unit Price)	Amount (₹ In Lacs)
	Fleece 30/20 Dia/GG	6	Euro	55,000	3,30,000	231.00
	Autostripper 30/20 Dia/GG	9	Euro	90,000	8,10,000	567.00
	Autostripper 30/28 Dia/GG	8	Euro	90,000	7,20,000	504.00
	Shima Seiki Cuff & Collar Flat Knitting	15	Yen	38,00,000	5,70,00,000	313.50
	Measuring & Grey inspection	9	Euro	10,000	90,000	63.00
	<i>Sub Total (1)</i>					4099.10
2.	<i>Fabric Processing</i>					
	Reversing Machine	2	USD	25,000	50,000	27.50
	<i>Processing - Tubular Route</i>					
	Tubular mercerize Machine	1	Euro	4,00,000	4,00,000	280.00
	<i>Dyeing Machines</i>					
	- Soft Flow-750Kg	5	Euro	3,74,944	18,74,720	1312.30
	- Soft Flow-500Kg	5	Euro	2,98,184	14,90,920	1043.64
	- Soft Flow-250Kg	6	Euro	2,50,002	15,00,012	1050.01
	- Soft Flow-125Kg	4	Euro	2,31,700	9,26,800	648.76
	- Soft Flow -50Kg	6	Euro	1,50,000	9,00,000	630.00
	Color Dispenser & Solution Maker	1	Euro	1,51,800	1,51,800	106.26
	Cut Opening Machine	1	CHF	1,78,210	1,78,210	81.39
	Relax Dryer Machines	2	CHF	7,27,170	14,54,340	664.20
	<i>Processing - Open width Route</i>					
	Cut Opening	3	CHF	1,78,210	5,34,630	244.17
	Bleaching Range	1	Euro	27,51,220	27,51,220	1925.85
	Cold Pad Batch	1	Euro	4,93,040	4,93,040	345.13
	Rotary Printing	2	Euro	4,80,000	4,80,000	336.00
	Dye and print Washer	1	Euro	3,25,450	3,25,450	227.82
	Continuous Tumble Dryer	1	Euro	7,00,000	7,00,000	490.00
	Stenter Drying Machine	5	Euro	11,25,480	56,27,400	3939.18
	Compacting Machine - Open width	4	Euro	7,03,840	28,15,360	1970.75
	Dispensing and Engraving System for Dyeing and Printing	1	Euro	3,50,000	3,50,000	245.00
	<i>Sub Total (2)</i>					15567.95
3	<i>Other Equipments</i>					

Sr. No	Description	Quantity	Currency #	Unit Price	Amount Amount (Quantity X Unit Price)	Amount (₹ In Lacs)
	Laboratory					
	Computer Color Matching System	1	USD	46,000	46,000	25.30
	AHIBA lab Equipments	1	USD	92,614	92,614	50.94
	Other Lab equipments	Lot	USD	20,000	20,000	11.00
	<i>Sub Total (3)</i>					87.24
	Total Cost of Machinery (Sub Total 1 + Sub Total 2 + Sub Total 3)					19754.29
	Estimated Discount @ 40%					7901.72
	Import Duty @ 5.05% on machinery cost					598.55
	Education Cess on Import Duty @ 3%					17.95
	Total Landed Cost of Machinery					12,469.07
	Transport, Erection and other Expenses @ 4%					498.76
	Total Imported Plant and Machinery					12967.85

#Currency Conversion rate: a) USD= ₹55 b) Euro = ₹70 c) 1CHF = ₹45.67 d) 1Yen = ₹0.55

1.3.3 Detailed break Up of Indigenous Knitting and Fabric Processing Plant and Machinery

Sr. No	Description	Quantity	Unit price (₹ In lacs)	Amount (₹ In lacs)
1.	Knitting			
	Cone Rewinding Machine	2	6.75	13.50
2.	Processing			
	Checking Machines	7	4.50	31.50
	Total			45.00
	Add: Excise Duty @ 16%			7.20
	Add: Sales Tax @ 4%			1.80
	Add: Insurance, Local Transport @ 4%			1.80
	Add: Erection and Commissioning @ 3%			1.35
3	Total (1+2)			57.15

Sr. No	Description	Quantity	Unit price (₹ In lacs)	Amount (₹ In lacs)
4	*Other Machineries including interlock machines, soft windling machine, knitting machine, washing/soaping machine, tumble dyer, hydro extractor with panel board, automatic dispensing system color service, printing machines, shearing machine, etc.	-	Lumpsum	1445.54
	Total (3+4)			1502.69

*Certain machineries required for the Knitting and Fabric processing unit had been identified by our company as available with Britannia Industries Limited (BIL). BIL had bought these machineries from State Bank of India through tender cum auction notice dated 02/07/2011. We have purchased the entire set of machineries from them vide tax invoice dated 01/10/2011. These machineries were originally owned by Cuthberts Textiles Private Limited, Bangalore

Other than the above, none of the machineries used by us are second hand machines. The Promoter, Directors, Key Managerial Personnel and the Group Companies do not have any interest in the proposed acquisition of the equipment and machineries.

1.4 Miscellaneous Fixed Assets

The Company requires electrical installation, additional machinery, equipments, generators, trolleys etc for functioning of the unit at Doddaballapur and Kolhapur. The total cost estimated for both the units is ₹ 2612.50 approx. The break up of the miscellaneous assets to be purchased is given under

1.4.1 The detail of miscellaneous fixed assets required for Doddaballapur Unit is as under:

Sl. No	Particulars	Supplier/Contractor Quotations	Quantity	Amount (₹ in lacs)
1	Electrical power 3000 Kva	Monarch Electricals	1 set	10.00
2	Power Transformers 1500 Kva	Vivekanand Electrical Industries Pvt. Ltd.	3	24.70
3	500 Kva	Powerica Limited	5	116.47
4	250 Kva		2	22.75
5	Screw compressors 40 Hp,E-30,7.5-191 Cfm	ELGI Equipments Ltd.	5	22.30
6	Air Dryer, ELRD 450		3	9.76
7	Air Receiver, 2000 ltrs 7 Kgs		2	2.10
8	Pre filter set - PF 500		3 sets	0.80
9	Goods elevators 2 Ton capacity with 4 Stops	Orient Elevator Company	2	15.11
10	- Fire fighting systems, As per National code, BOQ prepared by chief fire officer, Karnataka		N.A.	94.97
	- Fire pump room equipment			

Sl. No	Particulars	Supplier/Contractor Quotations	Quantity	Amount (₹ in lacs)
	- Hydrant system both for Internal & External	Total Solutions Inc.		
	- Addressable fire detection & Alarm system			
	- Fire Extinguishers			
	- Signages			
	- Fire NOC			
	- Sprinkler system			
11	IBR - Boiler			
	- 5 TPH	Maxtherm Technologies Pvt. Ltd.		25.80
	- 2 TPH			
	- Chimney to suit 10 - 12 TPH	Calmax Combustion Inc		13.26
12	100% steam condensate recovery system as per specifications	Armstrong International Pvt. Ltd.		46.71
13	- Steam accessories erection charges	Meera Engineers		75.00
	- IBR Pipe line, IBR Formalities, NON-IBR Pipe line & Insulation of pipe line.			
	- Water & Air line			
14	Electrification & other office equipments			400.00
	SUB TOTAL			879.73

1.4.2 The detail of miscellaneous fixed assets required for Knitting & Fabric processing unit is as under:

Sr. No	Description	Amount (₹ In lacs)
1.	Electrical Installation (HT & LT distribution, Lighting etc.)	490.77
2.	Effluent Treatment Plant	500.00
3.	Caustic Recovery Plant - UNITOP	50.00
4.	Humidification for Knitting	72.00
5.	Air Handling Unit for Flat Knitting	25.00
6.	Air Compressor (500 CFM X 2) with piping	50.00
7.	D.G. Set	90.00
8.	Boiler (1W+1S)- 12 Ton	150.00
9.	Coal handling Plant	25.00
10.	Chemical tank, Oil Storage tank	15.00
11.	Steam piping & Condensate Piping	40.00
12.	Thermopack with piping & insulation	50.00
13.	Ventilation for processing	5.00
14.	Water Supply with piping	20.00
15.	Drainage piping	10.00
16.	Water Softening Plant	15.00
17.	Fire Fighting Equipments	20.00
18.	Electronic Weighing scales	15.00

Sr. No	Description	Amount (₹ In lacs)
19.	Workshop Equipment	10.00
20.	Fork Lift	15.00
21.	Furniture and Fixtures	20.00
22.	Office Equipments	15.00
23.	Computers with softwares	15.00
24.	Vehicles	15.00
	Total	1732.77

1.5 Preliminary and Pre-Operative Expenses

A) The details of the preliminary and pre operative expenses to be incurred on the trouser manufacturing unit are as under:

Sr. No	Description	Amount (₹ In lacs)
1.	Interest during construction	300.00
2.	Deposits & Others	155.86
	Total	455.86

B) The details of the preliminary and pre operative expenses to be incurred on the Knitting & Fabric processing are as under:

Sr. No	Description	Amount (₹ In lacs)
1.	Establishment and Project Management Expenses	25.00
2.	Interest during construction on Rupee Loan after TUF benefit for 9 Months	506.32
3.	Up Front Fees for total term loan	4.82
4.	L/C charges for imported machinery	29.63
5.	Insurance	48.75
6.	Start up Expenses	49.53
7.	Engineering/Consultant Fees	100.00
8.	Documentation Appraisal Fee & Other Deposits	70.07
	Total	834.12

1.6 Provision for Contingency/Escalation

The Company has made a provision for contingencies of ~5% of the capital expenditure to be deployed for Doddaballapur and Kagal Project. It includes Land and Building, Plant and Machinery, Miscellaneous Fixed Assets and Preliminary and Pre-operative Expenses that amounts to ₹1168.73 lacs

2 Margin Money requirement for Working Capital for Trouser manufacturing/Garment Manufacturing unit and for Knitting and Fabric Processing Unit

We have estimated working capital requirement of ₹ 5389.75 lacs for Doddaballapur unit and ₹ 5013.87 lacs for Kolhapur Unit for the first year. We shall utilize an amount of ₹ 502.04 lacs for trouser manufacturing unit at Doddaballapur and ₹ 614.76 lacs for knitting and fabric processing unit at Kolhapur from the net issue proceeds towards the margin money of working capital and balance shall be funded through Banks.

(₹ in lacs)

Sl. No	Particulars	Existing Operations (F.Y.2011-12)	Estimates for first full year of completion of new unit at Doddaballapur	Estimates for first full year of completion of new unit at Kagal
1	(A) Current Assets			
	<i>Inventories</i>			
	<i>Raw materials</i>	11,821.33	1,291.93	1,366.59
	<i>Finished goods</i>	4,190.99	2,315.25	947.28
	<i>Work in progress</i>	5,676.66	1,800.75	1,878.07
	<i>Receivables</i>	9,840.00	1,388.33	2,376.91
	Total Current Assets (A)	31,528.98	6,796.26	6,568.85
2	(B) Current Liabilities & Provisions			
	Sundry Creditors	3,591.42	1,406.51	1,554.99
	Total Current Liabilities (B)	3,591.42	1,406.51	1,554.99
3	Working Capital (A-B)	27,937.56	5,389.75	5,013.86
4	To be Financed by			
	Bank/Internal Accruals	27,937.56	4,887.71	4,399.12
	Public Issue	-	502.04	614.75
	Total			1116.79

Assumptions for working capital requirements

Sr. No	Particulars	Existing Operations	Doddaballapur Unit (First Year)	Kagal Unit (First Year)
1.	Inventories	4.5 Months	1 Month	1 Month
2.	Finished goods	1.5 Months	3.5 Weeks	15 Days
3.	Work in progress	2.5 Months	3 Weeks	1 Month
4.	Receivables	4.5 Months	1 Month	1 Month
5.	Sundry Creditors	1.5 Months	1 Month	1 Month

The Company has fund based working capital limit of ₹ 15500.00 lacs sanctioned from Canara Bank and ₹ 4700.00 lacs sanctioned from State Bank of India for existing operations. The Company has presently received sanction of ₹ 3000.00 lacs from State Bank of India vide their letter dated 02/01/2013 towards working capital requirement of Doddaballapur Project. The Company shall approach the bankers at appropriate time to avail the additional credit facilities/credit facilities for working capital requirement of aforesaid Units.

Estimated Issue Expenses

The Management estimates an expense of ₹ [●] Lacs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(₹ in Lacs)

Sr. No.	Nature of Expenses	Amount*	% to the Total Expenses	% to the Issue
1.	Lead Management Fee, Underwriting Commissions and Selling Commissions	[•]	[•]	[•]
2.	SCSB Commission/processing fee to SCSBs for processing ASBA Bid cum Application Forms procured by members of syndicate and non-syndicate members**	[•]	[•]	[•]
3.	Commission to Non-Syndicate Members on procurement of eligible applications considered for purpose of allotment***	[•]	[•]	[•]
4.	Advertising and Marketing Expenses	[•]	[•]	[•]
5.	Printing and Stationery	[•]	[•]	[•]
6.	Others (Registrar's Fee, Legal Fee, Grading Fee, Service Tax, etc.)	[•]	[•]	[•]
	Total	[•]	[•]	[•]

* Will be incorporated after finalisation of Issue Price

**SCSBs would be entitled to a processing fee of ₹10 per Bid-cum-Application Form, for processing the Bid-cum Application Forms procured by the members of the Syndicate and submitted to SCSBs.

***Non-Syndicate Members would be entitled to a commission of ₹20 per valid bid cum application form procured and considered for basis of allotment

General Corporate Purposes

The Company intends to set apart some funds for meeting certain unplanned expenditure which are necessary for conducting the Business which are sourced through the head General Corporate Purposes.

Schedule of implementation

Sl No.	Activity	Doddaballapur		Kolhapur	
		Commencement	Completion	Commencement	Completion
1	Land#	Completed		Commenced	May '2013
2	Site Development	Completed		May' 2013	June' 2013
3	Construction of Building	August '2011	March' 2013	June' 2013	March' 2014
4	Purchase of Plant & Machinery	March '2012	March' 2013	-	-
5	Identifying and Purchase of Plant & Machinery	-	-	Commenced	March' 2014
6	Purchase of Miscellaneous Fixed Assets	March '2012	March' 2013	August '2013	February' 2014
7	Trial Runs	October '2012*	April/May' 2013	April' 2014	May '2014
8	Commercial Production	May' 2013		June' 2014	

Land at Doddaballapur has already been allotted on Lease cum sale basis by KIADB whereas land at Kolhapur shall be taken on lease from Kagal Industrial Textile Technology Park (P) Ltd.

*Our company has already started trial runs on certain machineries that have been installed at the site and we expect the commencement of commercial production by May 2013.

Year wise break up of the proceeds to be used

The year wise break up of funds to be incurred on the Project under various heads is as follows:

(Amount ₹ in lacs)

Particulars	Amount spent till 31/03/2013	Amount to be spent during the year 2013-14	Total Amount
Land & Site Development	702.63	613.00	1,315.63
Factory Building & other civil work	3,756.34	3,530.18	7,286.52
Plant & Machinery	2,379.74	14,824.41	17,204.15
Miscellaneous Fixed Assets	713.38	1,899.12	2,612.50
Preoperative Expenses	-	1,168.73	1,168.73
Contingencies	451.75	838.16	1,289.91
Working Capital	-	1,116.80	1,116.80
Issue expenses	79.96	[•]	[•]
General Corporate Purposes	-	[•]	[•]
Total	8,083.80	[•]	[•]

Sources & deployment of Funds

As per the Certificate dated March 25, 2013 from Siddaiah & Ram, Chartered Accountants the Company has upto deployed an amount aggregating ₹ 8083.80 lacs as on February 28, 2013 towards the proposed project at Doddaballapur and Kagal. Details of the sources and deployment of funds as per the certificate are as follows:

(₹In lacs)

Particulars	Amount
DEPLOYMENT OF FUNDS	
Land and Site Development	702.63
Building and Civil Works	3,756.34
Machineries and Equipments & Miscellaneous Fixed Assets	3093.12
Preliminary & Pre-operative Expenses	451.75
Issue Expenses	79.96
Total	8083.80
SOURCES OF FUNDS	
Internal Accruals* & Pre-IPO Equity	3413.75
Term Loan from Canara Bank	4670.05
Total	8083.80

*The amount other than IPO proceeds and Term Loan proceeds required towards the 'Objects of the Issue' shall be funded from internal accruals. Any funds deployed from internal accruals over and above the required amount shall be adjusted with the IPO proceeds and ploughed back in the Company.

Interim Use of Funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

Monitoring of Utilization of Funds

The management of the Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 49 of the Listing Agreement, our Company shall on quarterly basis disclose to the Audit Committee the Applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

Our Company shall be required to inform the material deviations in the utilization of the issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviation/ adverse comments of the Audit Committee public through advertisement in newspaper.

Basic terms of the issue

The Equity shares being offered are subject to the provision of the Companies Act, 1956, our Memorandum and Articles of Association, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected 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, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

BASIS OF ISSUE PRICE
QUALITATIVE FACTORS

1. Multiple Product Capability
2. Strong Management Team
3. Relationship with big sized players in International Market
4. High quality products
5. Stringent Quality Norms
6. Designing Capabilities
7. Sampling Capabilities
8. Strategic Location Advantage

QUANTITATIVE FACTORS

Information presented in this section is derived from the restated audited financial statements

1. Earnings Per Share (EPS) (on ₹ 10/- per share)

Year Ended	EPS (₹)	Weight
March 31, 2010	10.41	1
March 31, 2011	13.06	2
March 31, 2012	31.43	3
Weighted Average EPS	21.80	-

The EPS of the Company based on the financials for seven months period ended October 31, 2012 is ₹6.62.

2. Price/ Earning (P/E) Ratio

On the cap price of ₹132/- per equity share

Particulars	
P/E based on pre-issue weighted average EPS of ₹ 21.80	6.06
P/E based on pre-issue EPS of FY 2011-12 of ₹ 31.43	4.20

On the floor price of ₹130/- per equity share

Particulars	
P/E based on pre-issue weighted average EPS of ₹ 21.80	5.96
P/E based on pre-issue EPS of FY 2011-12 of ₹ 31.43	4.14

3. Return on Net Worth (RONW)

Year Ended	RONW (%)	Weight
March 31, 2010	21.44	1
March 31, 2011	22.64	2
March 31, 2012	36.88	3
Weighted Average RONW	29.56	-

The Return on Net Worth of the Company based on seven months period ended October 31, 2012 is 8.39%.

4. Minimum Return on Increased Net Worth required to maintain pre-issue EPS: [●]

5. Net Asset Value (NAV) per share

Pre-Issue as on March 31, 2012 (₹)	85.22
Pre -Issue as on October 31, 2012 (₹)	90.98
Post Issue (₹)	[•]

6. Industry Average P/E

	Name of the Company	P/E Multiple based on price as on 11/04/2013
Highest	Bombay Rayon Fashion Limited	15.70
Lowest	Mandhana Industries Limited	10.97
Industry Average		15.70*
*Source for Industry Average: : April 01 - April 14, 2013, Capital Market Magazine, Textile Products		

7. Comparison with Peer Group

Name of the Company	Equity (₹ in Crores)	Face Value (Per equity shares)	Total Income from Operations as on 31/03/2012 (₹ In Crores)	RONW (%)	Book Value (₹)	PAT (₹ In Crores)	EPS (₹)	P/E Multiple based on Price as on 11/04/2013
Audited Standalone Financials for F.Y.2011-12								
Mandhana Industries Limited	33.12	10.00	980.14	17.51	126.02	73.10	22.07	10.97
Bombay Rayon Fashion Limited	134.60	10.00	2734.96	8.78	201.65	206.51	15.50	15.70
K P R Mill Ltd.	37.68	10.00	1198.14	5.13	156.11	31.23	7.96	15.03
Gokaldas Exports Limited	17.19	5.00	1002.06	(58.29)	66.25	(132.76)	(38.62)	N.A.
Source: Audited Financial Statements filed on BSE website								
Scotts Garments Limited	26.73	10.00	500.25	36.88	85.22	84.03	31.43	N.A.

8. The face value of Equity Shares of Scotts Garments Limited is ₹ 10 and the Issue Price is [•] time of the Face Value.

The Issue Price of ₹ [•] has been determined by us in consultation with the BRLM and Co-BRLM, on the basis of assessment of market demand from investors through the Book- Building Process and is justified based on the above factors. The face value of the Equity Shares is ₹ 10 each. The Issue Price is 13 times the face value at the lower end of the price band and 13.2 times the face value at the higher end of the Price Band.

On the basis of the above parameters the Issue Price of ₹ [•] per share is justified.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
SCOTTS GARMENTS LTD
481-B, IVth Phase, Peenya Industrial Area,
Bangalore - 560 058.

We, M/s Siddaiah & Ram, Chartered Accountants are the Statutory Auditors of M/s Scotts Garments Limited having its registered office at 481-B, IV Phase, Peenya Industrial Area, Bangalore - 560 058. We hereby certify that under the current tax laws, the following tax benefits inter-alia, will be available to the Company and the members of the Company. However a member is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislation may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

As per the existing provisions of the Income Tax Act 1961 and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to Scotts Garments Limited and its shareholders.

We believe that there are no special tax benefits available to the Company and its shareholders.

General tax benefits available:

A. Benefits to the company under Act

1. Dividends exempt under section 10(34) and 10(35) of the IT Act.

Dividend (whether interim or final) received by the company from its investment in shares of another domestic company would be exempted in the hands of the company as per the provisions of section 10(34) read with section 115-O of the IT Act. In terms of section 10(35) of the IT Act, any income received from units of a Mutual Fund specified under section 10(23D) of the IT Act is exempt from tax, subject to such income not arising from the transfer of units in such Mutual Fund.

2. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets except shares held in a company or any other security listed in a recognised stock exchange in India or units of Unit Trust of India ('UTI') or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or UTI or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to the company from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to Securities Transaction Tax ('STT').

As per the provisions of section 112 of the IT Act, long-term capital gains other than those covered under section 10(38) of the IT Act are subject to tax at a rate of 20% (plus applicable surcharge and cess).

However, proviso to section 112(1) specifies that if the long-term capital gains other than those covered under section 10(38) of the IT Act arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

However, from Assessment Year 2007-2008, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax ("MAT") under the provisions of section 115JB of the IT Act.

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

3. Securities Transaction Tax

In terms of STT, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.1% of the value payable by both buyer and seller individually.

The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.

4. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a company on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in National Highway Authority of India (NHAI) or Rural Electrification Corporation (REC) notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced. The IT Act has restricted the maximum investment in such bonds up to ₹ 5 million per assessee during any financial year.

5. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
6. In accordance with and subject to the provisions of section 32 of the Income tax Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the Company, in terms of section 32(1)(iia), shall be entitled to claim Additional depreciation @ 20% of actual cost on new plant and machinery for the period of one year after acquired on or after 31st March, 2005.
7. In accordance with and subject to the provisions of section 35D of the Income tax Act, the Company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.
8. Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. 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 10 years succeeding the year in which the MAT becomes allowable.

9. Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs, as per section 32 of the Act, subject to the (2) of section 72 and sub-section (3) of section 73 of the Act.

Carry forward and Set off of Business Loss

10. Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.
11. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting 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.
12. As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.
13. As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains for subsequent 8 years.

B. Benefits to the Resident shareholders of the company under the IT Act

1. Dividends exempt under section 10(34) of the IT Act

Dividend (whether interim or final) received by a resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under section 64(1A) of the Income Tax Act 1961, will be exempt from tax to the extent of ₹ 1500 per minor child under section 10(32) of the Income Tax Act 1961.
3. Computation of capital gains

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains [other than those covered under section 10(38) of the IT Act] are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

4. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a resident shareholder on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to ₹ 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act arising to an individual or Hindu Undivided Family ('HUF') on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

However, if the resident shareholder transfers the residential house property within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year.

C. Benefits to the Non-resident shareholders of the company other than Foreign Institutional Investors and Foreign Venture Capital Investors**1. Dividends exempt under section 10(34) of the IT Act**

Dividend (whether interim or final) received by a non-resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the non-resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under Section 64(1A) of the Income Tax Act 1961 will be exempt from tax to the extent of ₹ 1,500 per minor child per year in accordance with the provisions of section 10(32) of the Income Tax Act 1961.**3. Computation of capital gains**

Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale the consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. Under first proviso to section 48 of the IT Act, the taxable capital gains arising on the transfer of capital assets being shares or debentures of an Indian company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be done at the prescribed rates prevailing on dates stipulated. Hence, in computing such gains, the benefit of indexation is not available to non-resident shareholders.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a non-resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains (other than those covered under section 10(38) of the IT Act) are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered second proviso to section 48 and under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

4. Exemption of capital gain from income-tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a non-resident shareholder on transfer of a long-term capital asset (other than those covered under section 10(38) of the IT Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the non-resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to ₹ 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains (other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act) arising to an individual or HUF on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property (subject to prior approval from Reserve Bank of India) within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

5. Non-resident taxation

Under section 115-I of the IT Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XIIA of the IT Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

Under section 115E of the IT Act, where shares in the company are acquired or subscribed to in convertible foreign exchange by a non-resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, will [in cases not covered under section 10(38) of the IT Act], be concessionally taxed at the flat rate of 10% (plus applicable surcharge and cess) (without indexation benefit but with protection against foreign exchange fluctuation)

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 will be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption will be proportionately reduced. However the amount so exempted will be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

6. In accordance with the provisions of Section 115G of the Income Tax Act 1961, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Income Tax Act 1961 if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income Tax Act 1961.
7. In accordance with the provisions of Section 115H of the Income Tax Act 1961, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Income Tax Act 1961 to the

effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

8. As per the provisions of section 115 I of the I.T. Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Income Tax Act 1961, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Income Tax Act 1961.

9. Tax Treaty Benefits

As per the provisions of Section 90(2) of the Income Tax Act 1961, the provisions of the Income Tax Act 1961 would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

D. Benefits to Foreign Institutional Investors ('FII')

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a FII from its investment in shares of a domestic company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115-O of the Act.

2. Long term capital gains exempt under section 10(38) of the Act.

As per the provisions of section 10(38) of the Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

3. Capital gains

As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

Rate of tax

Nature of Income	(%)*
Long-term capital gains	10
Short-term capital gains	30

* Plus applicable surcharge and cess

The benefits of foreign currency fluctuation protection and indexation as provided by section 48 of the Act are not available to a FII.

As per the provisions of section 10(38) of the Act, long term capital gain arising to FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per provisions of section 111A of the Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and is chargeable to STT.

4. Tax Treaty Benefits

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the FII. Thus, an FII can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

E. Benefits to the Mutual Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a Mutual Fund from its investment in shares of a domestic company would be exempt in the hands of the Mutual Fund as per the provisions of section 10(34) read with section 115-O of the Act.

2. As per the provisions of section 10(23D) of the Act

Any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds authorised by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

F. Benefits to the Venture Capital Companies / Funds

1. Dividends exempt under section 10(34) of the Act

Dividend (whether interim or final) received by a Venture Capital Company ('VCC')/ Venture Capital Funds ('VCF') from its investment in shares of another domestic company would be exempt in the hands of the VCC/VCF as per the provisions of section 10(34) read with section 115-O of the Act.

2. In case of a shareholder being a Venture Capital Company/ Fund, as per the provisions of Section 10(23FB) of the Income Tax Act 1961, any income of Venture Capital Companies/ Funds registered with the SEBI, would be exempt from Income Tax, subject to the conditions specified in the said subsection.

G. Benefits 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 are not liable to wealth tax.

H. Benefits under the Gift Tax Act

As no Gift tax is leviable in respect of gifts made on or after October 1, 1998, but before April 1, 2006. As per amended section 56 (2) (vi) any gift received in money, the aggregate value of which exceeds ₹ 50,000/- is received without consideration, the whole of the aggregate value of such sum will be chargeable to tax. As per newly inserted section 56 (2) (vii) value of sum of money / immovable property/ movable property received without consideration or for inadequate consideration is in exceed

of ₹ 50,000/- than the whole of the aggregate value of such sum will be chargeable to tax with effect from Dt: 01.10.2009.

Notes

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2011 & Finance Bill, 2012 and will be available only to the sole/ first named holder in case the shares are held by joint holders.
2. 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 agreements, if any, between India and the country in which the non-resident has fiscal domicile.
3. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme.
4. Tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.
5. Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Place: Bangalore
Date: 28th June 2012

**For Siddaiah and Ram,
Chartered Accountants**

Sd/-

**Partner
Membership No.: 23731**

SECTION III – ABOUT THE ISSUER COMPANY

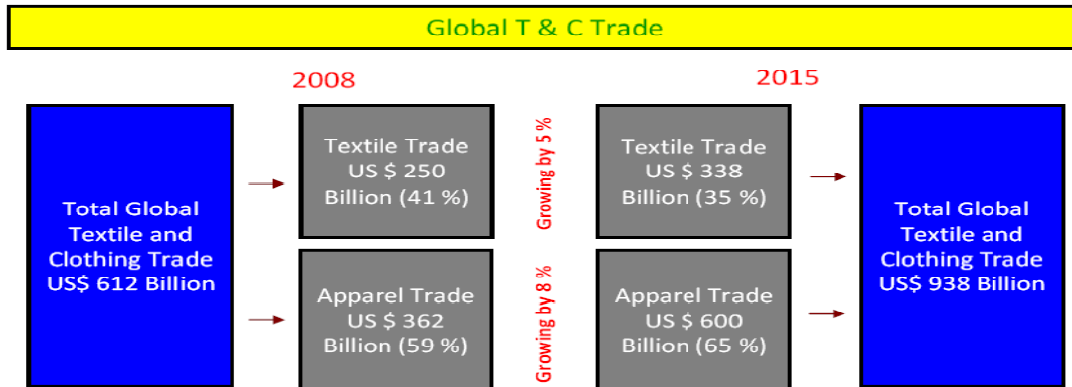
INDUSTRY OVERVIEW

The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company, the Book Running Lead Manager or their respective legal advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from the other sources

Overview of the Global Textile Industry

In the year 2011, the global trade in textile and clothing industry was at USD 706 billion. Exports by Indian textile and clothing industry accounted for USD 15.0 billion and USD 14.40 billion respectively. World exports of textiles and clothing grew by 17 per cent in 2011. The top ten exporters each registered 13 per cent growth or more. Bangladesh recorded the highest increase (27 per cent) while the lowest among the top ten was recorded by the United States with 13 per cent. The order for the top ten exporters remains the same as in 2010. China was the leading exporter of textiles and clothing in 2011 with a 32 per cent share in world exports of textiles and 37 per cent in clothing. The European Union and the United States are the major markets for clothing, accounting for 45 per cent and 21 per cent respectively of world imports. (Source: WTO – International Trade Statistics, 2012).

The global projections for Textile and Clothing Trade as estimated by WTO and CITI are represented below:



Source: WTO and CITI Estimates

Global textile Market has grown @ 5% and Apparel Market has grown has grown at 8 % for the last 5 years

Source: Presentation on Indian Textile and Clothing Industry by Confederation of Indian Textile Industry (CITI)

Overview of Indian Textile Industry

Indian textile industry contributes about 14 per cent to Industrial Production, 4 per cent to the country's Gross Domestic Product (GDP), 17 per cent to export earnings and provides direct employment to 35 million people which includes substantial number of SC/ST and women. Textile & Clothing sales generated USD 52 Billion in 2008-09 bifurcated as USD 33.4 billion from domestic market and US \$ 21.60 billion from exports. Exports of Textiles & Clothing grew to US\$ 22.41 billion in 2009-10 and has touched US\$ 26.82 billion in 2010-11. In the financial year i.e. 2011-12, exports of textiles and clothing, as per latest available data covering April-October, 2011, has grown by 28.94% over the corresponding period of 2010-11.

During the year 2010-11, Readymade Garments account for almost 40% of the total textiles exports. Apparel and cotton textiles products together contribute nearly 70% of the total textiles exports. The exports basket comprise a wide range of items including readymade garments, cotton textiles, handloom textiles, man-made fibre textiles, wool and woollen products, silk, jute and handicrafts including carpets. India's textiles products, including handlooms and handicrafts, are exported to more than a hundred countries. However, the USA and the EU, account for about two-thirds of India's textiles exports. The other major export destinations are China, U.A.E., Sri Lanka, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, Pakistan, Brazil, Hong Kong, Canada, Egypt etc.

(Source: Presentation by Confederation of Indian Textile and Annual Report 2011-12 of Ministry of Textile)

In the post-quota period, India has emerged as a major sourcing destination for new buyers. As a measure of growing interest in the Indian textile and clothing sector a number of buyers have opened their sourcing/liaison office in India. Commercially, the buoyant retailers across the world are looking for options of increasing their sourcing from the Indian markets. The Indian textiles industry is extremely varied, with the hand-spun and hand-woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized power looms/hosiery and knitting sectors form the largest section of textiles sector. The close linkage of the Industry to agriculture and the ancient cultures, and traditions of the country make the Indian textile sector unique in comparison with the textile industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

Global exports of Ready Made Garments (RMG)

- Global exports of RMG during 2008-09 were of the order of USD 10.38 billion, which recorded a marginal decrease to USD 10.06 billion during 2009-10. However, exports of RMG grew by 5.60% to US\$ 10.63 Billion in 2010-11.
- As per latest available statistics, exports of RMG during April- October, 2011 was of the order of USD 7088.74 million as against USD 5512.15 million during the same period last year, indicating an increase of over 28.60% in US\$ terms this year.
- EU was the biggest destination for RMG exports, with over USD 5.3 billion worth of exports during the year ending March, 2011, recording a growth of over 1% compared to exports in 2009-10.
- US was the second biggest destination for RMG, with exports of USD 2.85 billion for the year ending March,11, recording a growth of 7.29% over the last financial year.
- UAE was the third biggest destination with over a billion dollar worth of exports to that group.

(Source: Annual Report 2011-12 of Ministry of Textiles)

Major sub-sectors that comprise the textiles sector include the

- Organized Cotton/ Man-Made Fibre Textiles Mill Industry,
- Man-made Fibre/ Filament Yarn Industry,
- Wool and Woollen Textiles Industry,
- Sericulture and Silk Textiles Industry,
- Jute and Jute Textiles Industry, and
- Textiles Exports

(Source: Annual Report 2011-12, Ministry of Textiles)

Organised Cotton/ Man-Made Fibre Textiles Industry

The Cotton/ Man-made fibre textile industry is the largest organized industry in the country in terms of employment (nearly 1 million workers) and number of units. Besides, there are a large number of

subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancillaries, dyes & chemicals. As on 30.11.2011, there were 1946 cotton/manmade fibre textile mills (non-SSI) in the country with an installed capacity of 43.13 million spindles, 5,20,000 rotors and 52,000 looms. The capacity utilization in the spinning sector of the organized textile mill industry ranged between 80 to 90% while the capacity utilization in the weaving sector of the organized textile mill industry ranged between 41 to 62%.

Man-made Staple Fibre/ Filament Yarn Industry

The Indian textile industry consumes a diverse range of fibres and yarn, but is predominantly cotton based. The ratio of the use of cotton to manmade fibres and filament yarns by the domestic industry is about 56:46. The production of man-made fibre during 2010-11 amounted to 1284.64 million kg. as compared to 1268.04 million kgs during the previous year constituting an increase of 1.31%. The percentage increase / decrease in production of polyester staple fibre, acrylic staple fibre and polypropylene staple fibre during 2010-11 were 2.77%, (-) 12.74% and 11.28% respectively as compared to 2009-10. The production of man-made filament yarn during 2010-11 amounted to 1549.80 million kg in comparison to 1522.72 million kg during the previous year constituting an increase of 1.78%. The percentage increase / decrease of nylon filament yarn, polyester filament yarn and polypropylene filament yarn during the period were 10.25%, 1.91% and (-) 11.16%.

Wool and Woollen Textiles Industry

Indian Wool and Woollen Textiles Industry is a rural based, export oriented industry in which the organized sector, the decentralized sector, and the rural sector complement each other. The country is the seventh largest producer of wool and contributes 1.8% to total world production. Wool is the only natural fibre in which the country is deficient.

There are 958 woollen units in the organized sector, majority of which are in the small scale sector. The industry has the potential to generate employment in far-flung and diverse regions and at present provides employment in the organised wool sector to about 12 lakh persons, with an additional 12 lakh persons associated in the sheep rearing and farming sector. Further, there are 3.2 lakh weavers in the carpet sector. Ludhiana alone accounts for 225-240 units in the decentralized hosiery and shawl sector. The installed capacity of the industry is about 6.04 lakh worsted spindles, and 4.37 lakh non-worsted spindles. Wool combing capacity is around 30 million kg., whereas, the synthetic fibre combing capacity is 3.57 million kg. There are approximately 7,228 powerlooms in this industry.

Jute and Jute Textiles Industry

Globally, India is the largest producer and second largest exporter of jute goods and this sector supports the livelihood of about 40 lakh farm families, and provides direct and indirect employment to 4 lakh workers. There are 83 Jute mills in the country. Of these 64 are in West Bengal, 3 each in Bihar and Uttar Pradesh, 7 in Andhra Pradesh, two each in Chhattisgarh & Orissa and one each in Assam & Tripura. Ownership- wise division is:- 6 mills are under Government of India's P.S.U., 1 mill (Tripura) is under State Government, 2 mills (Assam & New Central) are in the co-operative sector and 74 are privately owned mills. In the jute growing states, the share of jute crop is nearly 1.4 per cent of the total crop area.

Jute, the golden fibre, meets all the standards for 'safe' packaging in view of being a natural, renewable, biodegradable and eco-friendly product. Production of raw jute and mesta has witnessed a steady increase since 1951-52. It was 13.2 lakh M.T. in Jute year 1990-91 (July-June), which rose to 14.76 lakh M.T. in the Jute year 2008- 09.

Sericulture and Silk Textiles Industry

India continues to be the Second largest producer of silk in the World. Sericulture is an important labour-intensive and agro-based cottage industry, providing gainful occupation to around 6.3 million persons in rural and semi-urban areas in India. Of these, a sizeable number of workers belong to the economically weaker sections of society. Among the four varieties of silk produced, Mulberry accounts for 85% (15610 MT), Eri 11.1% (2038 MT), Tasar 3.3% (603 MT) and Muga 0.6% (119MT) of the total raw silk production in the country.

Source:

Annual Report 2011-12 of Ministry of Textiles

http://www.texmin.nic.in/sector/Note_Woolen_Sector_wwt_skbabbar.pdf

http://www.texmin.nic.in/sector/sector_mmf_mmfy.pdf

Statistical Details of Indian Textile Industry

Item	Units	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12(As on Dec 2011) (P)
Textile Mills (Non SSI)										
Spinning Mills	No.	1564	1566	1570	1608	1597	1653	1673	1757	1759
Composite Mills	No.	223	223	210	200	176	177	180	183	194
Exclusive Weaving Mills (Non-SSI)	No.	206	202	204	204	179	184	183	174	171
Spinning Mills (SSI)	No.	1135	1161	1173	1236	1219	1247	1260	13333	1326
Powerloom Units	Lakh no.	4.13	4.26	4.34	4.40	4.69	4.64	5.05	5.18	5.19
Capacity Installed										
Spindles (SSI+Non SSI)	Million no.	37.03	37.47	37.51	39.50	39.07	41.30	41.27	40.98	41.26
Rotors (SSI+Non SSI)	Lakh no.	4.82	5.00	5.20	6.01	6.21	6.57	6.75	6.74	6.70
Looms (Organised Sector)	Lakh no.	1.05	1.03	0.92	0.69	0.56	0.57	0.71	0.52	0.52
Poowerloom	Lakh no.	18.37	19.03	19.44	19.90	21.06	22.05	22.46	22.91	22.97
Handloom	Lakh no.	38.91	38.91	38.91	38.91	38.91	38.91	38.91	38.91	38.91
Man made Fibres	Million Kg.	1101	1189	1191	1663.35	1659.22	1763.11	1763.11	1765.10	1765.10
Man made Filament	Million Kg.	1228	1337	1374	2053.43	2101.33	2143.22	2143.22	2192.75	2193.87
Worsted Spindles(woolen)	Thousand no.	604	604	604	604	604	604	604	604	604
Non-worsted spindles(woolen)	Thousand no.	437	437	437	437	437	437	437	437	437
Production of Fibres										
Raw Cotton	Lakh bales	179.00	243.00	241.00	280.00	315.00	290.00	305	325	356
Manmade Fibre	Million Kg.	953.00	1023.00	968.00	1139.47	1244.17	1067.33	1268	1285	819
Raw wool	Million Kg.	48.50	44.60	44.90	45.20	45.20	45.20	45.20	45.20	45.20
Raw Silk	Million Kg.	15.74	16.50	17.31	18.47	18.32	18.37	19.69	20.41	20.41

Item	Units	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12(As on Dec 2011) (P)
Production of Yarn										
Cotton Yarn	Million Kg.	2121.00	2272.00	2521.00	2823.59	2948.36	2898.42	3,079	3490	2328.00
Other Spurn Yarn	Million Kg.	931.00	951.00	937.00	989.70	1054.86	1015.84	1,114	1223	832.00
Manmade Filament Yarn	Million Kg.	1118.00	1109.00	1179.00	1370.48	1509.34	1416.01	1,522.71	1549.80	959
Fabric Production										
Cotton	Million sq. mtr.	18040	20655	23873	26238	27196	26898	28,914	31742	19558
Blended	Million sq. mtr.	6068	6032	6298	6882	6888	6766	7,767	8278	5525
100% Non cotton(including khadi, wool & silk)	Million sq. mtr.	18275	18691	19406	19545	21173	20534	23,652	22522	14329

* Figures up to October, 2009 # Figures up to November, 2009 (Source: Ministry of Textiles)

Indian Textile Exports

The textile export basket consists of wide range of items containing cotton yarn and fabrics, man-made yarn and fabrics, wool and silk fabrics, made-ups and variety of garments. India's textile products, including handlooms and handicrafts, are exported to more than a hundred countries.

India's textiles and clothing industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at US\$ 32.35 billion by the end of XIth Five Year plan, as against of US\$ 55 billion envisaged in the Report of Working Group on Textiles for the XIth Five Year Plan and based on historic growth rate of 10% (CAGR), a business as usual approach, will result in exports of US\$ 52 billion by the end of XI Plan. An export target of US\$ 65 billion and creation of 25 million additional jobs has been proposed with a CAGR of 15% during the XII Plan. At current prices the Indian textiles industry is pegged at US\$ 55 billion, 64% of which services domestic demand. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 35 million people and accounts for nearly 12% share of the country's total exports basket.

Overall Exports

The total textile exports during April,11 to October,11 (P) were valued at ₹ 78034.13 crore as against ₹ 60594.53 crore during the corresponding period of financial year 2010-11, registering an increase of 28.78 percent in rupee terms.

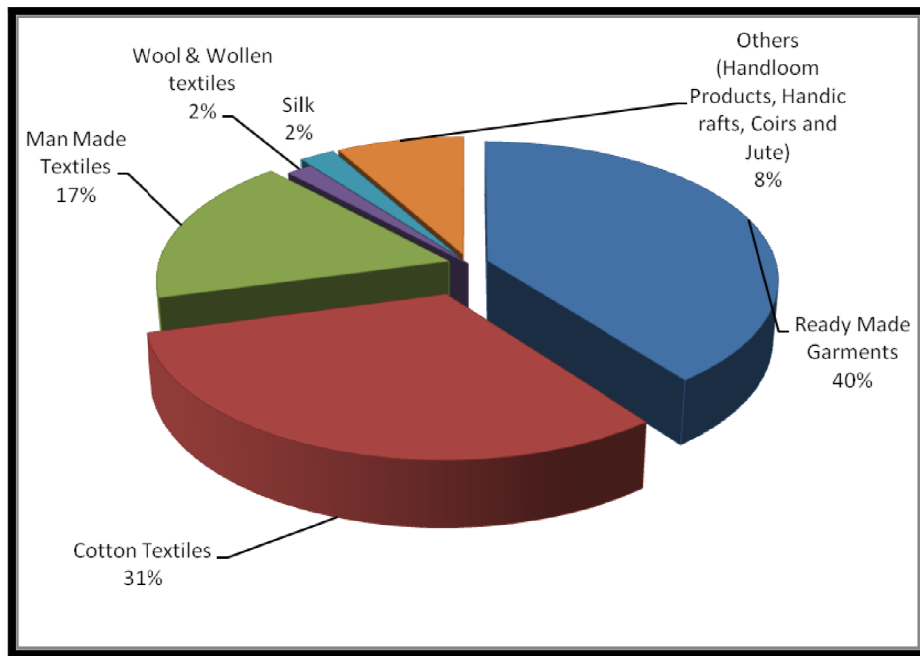
In US dollar terms, the same was valued at US\$17053.71 million as against US\$ 13225.72 million during the corresponding period of previous financial year registering an increase of 28.94 percent in US\$ terms.

However, the share of textiles in India's total exports of all commodities has declined to 10.03 percent from 10.74 per cent during April- October, 2011 as against April- October, 2010.

In the global market exports of clothing, India ranked as the sixth largest exporter as per WTO data – 2010 (latest), trailing Turkey, Bangladesh, Hong Kong, EU-27 and China. In the global exports of Textiles, India ranked as the third largest exporter, trailing EU-27 and China, as per WTO data – 2010 (latest).

Since August, 2008, the major markets for India’s exports of T&C products viz. USA, EU and Japan have witnessed recessionary conditions and financial crisis, and textiles sector was amongst the worst hit. However these adverse economic conditions appeared to have abated somewhat since 2010 with the USA, the single largest importer of textiles and clothing items, observing a positive growth of 14.22% and 17.03% in its import of T&C from the world and India respectively during the calendar year 2010. This trend has continued during 2011 when USA observed a positive growth of 8.90% and 10.32% in its imports of T&C from the world and India respectively. Almost all major T&C exporting countries showed positive trend in the US market during the first nine month of calendar year 2011.

India’s Textile Exports (Principal Commodities) – 2010-11(P)



(Source: Annual Report 2011-12, Ministry of Textiles; P - provisional)

A sector-wise analysis of textile exports is given below:

- (i) **Readymade Garments:** Readymade Garments include RMG of cotton including accessories, RMG of Man Made Fibres, RMG of other textile material which accounted for approximately 40% of the country’s total textiles exports for F.Y.2010-11. During 2010-11 the RMG exports in Indian currency amounted ₹ 48,355.57 crores an increase of 1.57% over the exports during 2009-10 whereas in USD it amounted to 10627.99 million registering an growth of 5.60% as compared to 2009-10.
- (ii) **Cotton Textiles including Handlooms:** Cotton Textiles includes raw cotton, cotton yarn, fabrics and made-ups. During 2010-11 the Cotton textiles exports in Indian currency amounted to ₹ 38,038.19 crores, an increase of 40.80% over the exports during 2009-10 whereas in USD it amounted to 8360.35 million registering an growth of 46.38% as compared to 2009-10

- (iii) **Man-made Textiles:** Man Made Textiles includes Manmade staple fibres, manmade yarns, fabrics & madeups. During 2010-11 the Man Made textiles exports in Indian currency amounted to ₹ 21,125.13 crores, an increase of 12.47% over the exports during 2009-10 whereas in USD it amounted to 4643.06 million registering an growth of 16.93% as compared to 2009-10.
- (iv) **Silk Textiles:** Silk Textiles includes RMG of silk, Natural silk yarn, fabrics & madeups. During 2010-11 the silk textiles exports in Indian currency amounted to ₹ 2708.02 crores, an decrease of 3.95% over the exports during 2009-10 whereas in USD it amounted to 595.19 million an decrease of 0.14% as compared to 2009-10.
- (v) **Wool & Woollen Textiles:** Woollen Textiles includes RMG of wool, woollen yarn, fabrics & madeups. During 2010-11 the woollen textiles exports in Indian currency amounted to ₹ 1955.31 crores, an decrease of 12.09% over the exports during 2009-10 whereas in USD it amounted to 429.75 million an decrease of 8.60% as compared to 2009-10.
(Source: Annual Report 2011-12, Ministry of Textiles)

Government Initiatives/Policies

Post liberalization, the Indian government has removed many of the barriers hindering the textile sector's growth. To fulfill the potential of the country's apparel-export industry, the government needs to eliminate remaining restrictions that perpetuate the lack of scale and poor operational and organizational performance of local manufacturers and that discourage investments, particularly foreign direct investment. Some of the important initiatives taken by the Government of India in this sector are as follows:

New Textile Policy

The Government of India in November 2000 announced the National Textile Policy - 2000 i.e. NTP-2000, thereby replacing the previous Textile Policy of 1985. The main objective of the NTP-2000 is to enable the industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing, enable the industry to build world class state-of-art manufacturing capabilities in conformity with environmental standards, for this purpose encourage both Foreign Direct Investment as well as research and development sector. The policy also de-reserved the garments sector from the Small Scale Industry reservation list. The NTP-2000 took note of the new challenges and opportunities presented by the changing global environment, particularly the initiation of the process of gradual phasing out of quantitative restrictions on imports and the lowering of tariff levels for an integration of the world textile and clothing markets.

Vide the NTP-2000 the Government has conveyed its commitment towards providing a conducive environment to enable the Indian textile industry to realise its full potential, achieve global excellence, and fulfil its obligation to different sections of the society.

(Source: Ministry of Textiles)

Technology Upgradation Fund Scheme (TUFS)

TUFS is the "flagship" Scheme of the Ministry of Textiles which aims at making available funds to the domestic textile industry for technology upgradation of existing units as well as to set up new units with state-of-the-art technology to enhance their viability and competitiveness in the domestic as well as international markets. To meet the challenges of the post quota regime, the industry is required to become competitive, cost effective and quality oriented. With this background, Government of India has launched a Technology Upgradation Fund Scheme (TUFS) for Textiles and Jute Industries, with effect from 01.04.1999 for a period of 5 years, i.e., up to 31.03.2004. Further the same was continued in the Eleventh Five Year plan (as mentioned in the budget speech for the year 2007-08). The Benefits under the scheme are as follows:

- 5% interest reimbursement of the normal interest charged by the lending agency on RTL.

- Or
 - 5% exchange fluctuation (interest & repayment) from the base rate on FCL.
 Or
 - 15% credit linked capital subsidy for SSI sector.
 Or
 - 20% credit linked capital subsidy for powerloom sector (An option for 'front ended' subsidy provided w.e.f. 1st October, 2005).
 Or
 - 5% interest reimbursement plus 10% capital subsidy for specified processing machinery.

Restructured TUFs (R-TUFs) was launched w.e.f. 28.04.2011. Under the scheme, there was an overall subsidy cap of ₹ 1972 crores from the date of the Resolution, i.e., 28.04.2011 to 31.03.2012. Under Restructured TUFs, it was provided UID to 1936 applications with total project cost of ₹ 25030 crore* and subsidy requirement of ₹256 crore for the 11th Five Year Plan (upto 31.03.2012), ₹ 2618 crore for the 12th Five Year Plan (Financial Year 2013 to 2017), ₹ 352 crore for the 13th Five Year Plan (Financial Year 2018 to 2022). According to a circular dated 15.06.2012 issued by the Office of the Textile Commissioner, the R-TUFs for the textile sector will continue for 2012-13.

(Source: Ministry of Textiles)

The table below presents the amount sanctioned and disbursed in last decade under the TUFs:

(Rs. in crore)

Period	Received		Sanctioned			Disbursed		
	No. of applications	Project Cost	No. of applications	Project Cost	Amount	No. of applications	Amount	Subsidy
1999-2000	407	5771	309	5074	2421	179	746	1
2000-2001	719	6296	616	4380	2090	494	1863	70
2001-2002	472	1900	444	1320	630	401	804	198.89
2002-2003	494	1835	456	1438	839	411	931	202.59
2003-2004	867	3356	884	3289	1341	814	856	249.06
2004-2005	986	7941	986	7349	2990	801	1757	283.60
2005-2006	1086	16194	1078	15032	6776	993	3962	485
2006-2007	12336	61063	12589	66233	29073	13168	26605	823.92
2007-2008	2408	21254	2260	19917	8058	2207	6854	1143.37
2008-2009 (P)	6113	56542	6072	55707	24007	6111	21826	2632.00
2009-2010	2384	28005	2352	27611	6612	2361	8140	2886
2010-2011	256	397	256	397	254	240	282	2784.18
As on 30.06.2010(P)	28528	210554	28302	207747	85091	28180	74627	11759.61

Source: Annual Report 2011-12, Ministry of Textiles

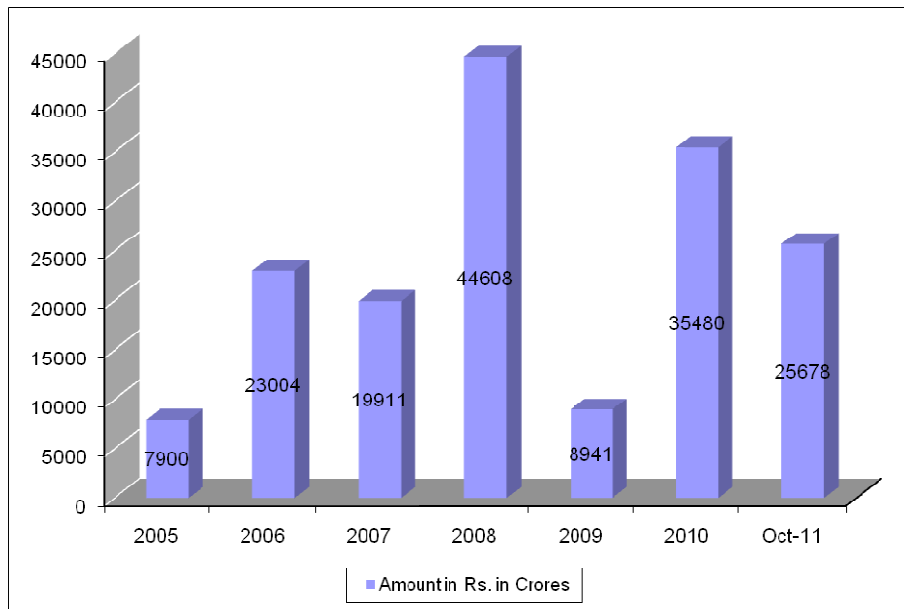
Scheme for Integrated Textiles Parks (SITP)

The 'Scheme for Integrated Textile Parks (SITP)' was launched by merging two schemes, namely, Apparel Parks for Exports Scheme (APES) and the Textiles Centre Infrastructure Development Scheme (TCIDS).

Primary objective of the SITP is to provide the industry with world-class infrastructure facilities for setting up their textile units. The scheme would facilitate textile units to meet international environmental and social standards. SITP would create new textile parks of international standards at potential growth centres. This scheme envisages engaging of a panel of professional agencies for project identification and execution. Each Integrated Textile Park (ITP) would normally have 50 units. The number of entrepreneurs and the resultant investments in each ITP could vary from project to project. However, aggregate investment in land, factory buildings and Plant and Machinery by the entrepreneurs in a Park shall be atleast twice the cost of common infrastructure proposed for the Park. The ITPs may also be set up in the Special Economic Zones (SEZs), in which case the special provisions of SEZs would be applicable for them. In case these are set up outside SEZs, proposal may be pursued with the Ministry of Commerce and Industry to declare the ITP as SEZ, if it is so desired. (Source: Ministry of Textiles)

Foreign Direct Investment Policy

India has a liberal and transparent policy in Foreign Direct Investment (FDI). India is a promising destination for FDI in the textile sector. 100% FDI is allowed in the textile sector under the automatic route. FDI in sectors to the extent permitted under automatic route 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. The below graph represents the amount of FDI approved in Indian Textile Sector from 2005 to Oct 2011



(Source: Ministry of Textiles)

Union Budget 2012-13 Highlights

- Standard rate of Central Excise duty has been increased from 10% to 12%. Excise duty on Cotton textiles covered under Tariff heading 5204 to 5212 increased from 4% to 6%.
- Automatic shuttleless looms fully exempted from basic customs duty of 5%.
- Automatic silk reeling and processing machinery as well as its parts exempted from basic customs duty.
- Second hand machinery to attract basic duty of 7.5%.
- Basic customs duty on wool waste and wool tops reduced from 15% to 5%.
- Basic customs duty on Titanium dioxide reduced from 10% to 7.5%.

- Aramid yarn and fabric used for the manufacture of bullet proof helmets exempted fully from basic customs duty.
- Financial package of ₹ 3,884 crore announced for waiver of loans of handloom weavers and their cooperative societies.
- Two more mega handloom clusters, one to cover Prakasam and Guntur districts in Andhra Pradesh and another for Godda and neighbouring districts in Jharkhand to be set up.
- Three Weaver’s Service Centres one each in Mizoram, Nagaland and Jharkhand to be set up for providing technical support to poor handloom weavers.
- ₹ 500 crore pilot scheme announced for promotion and application of Geotextiles in the North Eastern Region.
- A powerloom mega cluster to be set up in Ichalkaranji in Maharashtra with a budget allocation of ₹ 70 crore.
- Excise duty of 10% is applicable to branded readymade garments with abatement of 55% from the Retail Sales Price. Along with increase in duty to 12% the abatement enhanced to 70%. As a result, the incidence of duty as a percentage of the Retail Sales price would come down from 4.5% to 3.6%.

(Source: The Cotton Textiles Export Promotion Council - <http://www.texprocil.org/doc/HIGHLIGHTS%20OF%20THE%20UNION%20BUDGET%202012-13.pdf>)

Growth Prospects for Indian Textile and Clothing Industry

The Confederation of Indian Textile Industry envisages the Indian Textile and Clothing market to reach USD 100 billion by year 2015. Textile & Clothing sales generated USD 55 Billion in 2008-09 bifurcated as USD 33.4 billion from domestic market and US \$ 21.6 billion from exports. Nearly 40 per cent of the textiles produced in the country are exported. Indian manufacturers are also pro-actively working towards enhancing their capacities to fulfill this increased demand. India’s textiles & clothing (T&C) export in 2006-07 were USD 19.15 billion. India’s T&C exports in 2007-08 were USD 22.40 billion showing robust growth of around 16% in US dollar terms compared to previous year.

Projected Market for Indian Textile and Clothing products



Assumptions about growth:

CAGR of 8% for Textile exports and 12 % for Apparel Exports

CAGR of 10%, for Textiles and Apparel domestic demand

Indian T & C Industry envisages to reach US \$ 100 Billion by 2015

Source: Presentation on Indian Textile and Clothing Industry by Confederation of Indian Textile Industry (CITI)

Some key points depicting the reasons for growth are as follows:

Expansion of Ready-to-Wear Market

The market for readymade segment is rapidly expanding in India especially in menswear section. The preference of Indian consumers has also undergone a major shift as they just prefer to go out and buy rather than opting for stitching.

Rising Urbanization

Urbanization is a trend that everyone has to contend with. The urban population is set to increase up to 42% by 2030 according to census figures. This is due to the fact that people migrate to cities to look for better job opportunities and living standards. Therefore, organized retail is set to witness a major expansion to fulfil the needs of growing population.

Demographic Structure

India is home to 17% of the world's population. Being one of the youngest countries in the world, it is tipped to have one of the largest work forces for years to come. At 24 years, it has the lowest median age of population in the world, with 50% of the population less than 25 years and 70% less than 35 years of age. Also, as more and more women become part of the workforce, the demand for women wear including accessories is set for expansion.

Growing prosperity

India has the second largest working population with approx 700 million people between 20-60 years of age. In addition, corporate salaries have grown at 14% p.a. which is fastest globally. Also, the salaries for freshers have gone up by 2-3 times over the last decade. These all factors contribute to increasing disposable incomes in the hands of individuals. With a consumption rate of around 34%, the appetite for high value branded products is ever increasing.

Changing Consumer Lifestyle and Preferences

Indian consumer has become more demanding, as a result, there is a continuous shift in the demand pattern from basic necessities to spending on the lifestyle products and service, largely because of:

- Higher Income levels
- Increasing knowledge and awareness levels
- Higher adaptability to technology
- Greater participation of women and children in household decision making
- Increasing demand for better products and service experience

BUSINESS OVERVIEW

We are a garment manufacturing company in India with state of the art facilities for manufacturing of quality hi fashion garments. We firmly believe that we have built the domain expertise in designing and sampling of garment for a period of about two decades that has been a significant contributor in procuring orders from the international market especially Europe. Our manufacturing facilities and additional facilities such as embroidery, printing, dyeing and washing have enabled us to enhance our product portfolio catering to different class of customers in the international market.

From a modest beginning involving taking up job works, SGL started exploring the market for direct exports, and has in course of time established a status for production of quality garments and dependability in delivery schedules in the export market. Our operations and facilities enable us to manufacture readymade apparel by spanning various aspects of the apparel production chain, from managing the design to delivery and quality assurance processes involved in producing readymade apparels. SGL is one of the competitive manufacturer and exporter of readymade garments with modern manufacturing facilities, fully backed by facilities for product development, design studio and efficient sampling infrastructure to provide quality services to its customers.

We have positioned ourselves as a player focusing largely to changing needs and trends of fashion in the readymade garment. We export our quality products to several international clients across the Globe. During the year ended March 31, 2012, we have exported 91.44% of our total sales of readymade knitted and woven apparel to international clients. It includes among others, Best Seller - Denmark, Old Navy - USA, C& A Buying - Germany, H&M Hennes & Mauritz - USA, Vila A/s - Denmark, Rhodi Suppliers Limited - UK, Mayoral Moda Infantil S.A.U, Spain, The S Group Inc- USA, etc. These exports have been made to countries such as Denmark, USA, United Kingdom, Spain, Germany, China, Italy, Sweden, Turkey, Netherland, U.A.E., Canada, Russia, Poland, Hong Kong, Japan, etc.

During the current financial year we have exported our products to 69 international customers in 41 countries. Our Company has added new customers such Carrefour (France), United Colors of Benetton (Italy), VOI Jeans (Italy), The S Group Inc., Prime Mark (UK), House of Fraser (UK), GAP (USA), Perry Ellis (USA), Abercrombie & Fitch (USA), GANT(USA), Arcadia Group (UK).

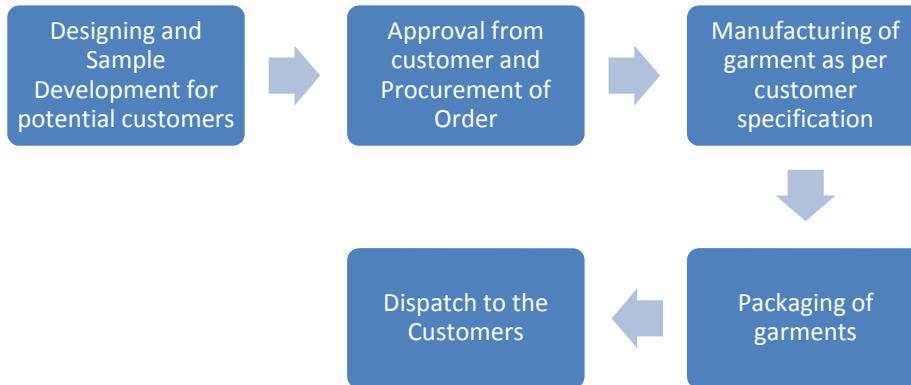
The manufacturing capacity of our Company as on 31/03/2012 is around 217.08 lacs pieces per annum both in woven and knit divisions. Our workforce as on 30/09/2012 is 12,504 employees.

The company has a 2.1 M.W capacity windmill at Bellary, Karnataka and three windmills in Tamil Nadu with a total capacity of 1.95 M.W. The company has entered into Wheeling and Banking agreement with Gulbarga Electricity Supply Company Limited and Tamilnadu Electricity Board for the sale of the power generated through the wind mill. During F.Y.2011-12, the total income from wind power generation amounted to ₹ 347.89 lacs.

During September 2012, Credit Analysis & Research Limited (CARE) has assigned CARE BBB rating to our long term bank facilities amounting to ₹ 229.70 crores and CARE A3+ to our short term bank facilities amounting to ₹ 227.40 crores. The instruments with CARE BBB and A3+ rating have moderate degree of safety regarding timely servicing of financial obligations. We have been accorded the status of Trading House in accordance with the provisions of Foreign Trade Policy 2009-14 by Office of the Joint Director General of Foreign Trade. We are also a registered member of Apparel Export Promotion Council (sponsored by Government of India, Ministry of Textiles).

Business Model

A brief snapshot of our business model is hereunder:



Our designing team conceives the different style, pattern and trend followed and acceptable in international market and manufactures the garment samples. These samples are presented to the potential customers by the marketing team to procure the order. The samples are modified based on the customers' specific design and cost requirements.

Our marketing team then sends the details of the selected samples and other customer requirements to our in-house manufacturing facilities for feedback on the estimated cost of production. The in-house manufacturing facilities compete for orders based on cost estimates and other factors, including quality, past performance and turn-around time. On receipt of the cost estimates from our in-house manufacturing facilities the marketing team evaluates the feasibility of these cost estimates and quotes the competitive estimate to the customer.

Once our samples are approved and the price, delivery schedule and other material components are negotiated, the customer releases a purchase order containing the order details to our marketing office.

The availability of sampling unit and design studio helps the company in providing diverse products to the potential and existing customers. Sampling unit produces sample garments for approval of customers. This not only gives the customer a wide variety of choices but also helps in keeping the cost under control and the turnaround time is short. In order to facilitate our customers we have set up an exclusive display showroom at Apparel Export Promotion Council in Gurgaon. The marketing office regularly monitors the progress of the orders. Once the order is executed, based on the terms of delivery of the order, the finished products are delivered to the customer/buying houses on an FOB basis.

Design and development

We are committed to design innovation in order to respond to current consumer preferences and anticipate future fashion trends. Further, dedicated development and sampling centres regularly monitor new developments and feed these developments into our marketing and manufacturing facilities. The Company has in house design team strength of over 50 persons who design styles based on current fashion trends. Our Company has also appointed professional consultants at London to promote business of our Company. These teams adapt the new design and garment developments to cater to fashion trends, while also reflecting the price and quality requirements of the target customer. Our design teams are supported by

sophisticated computerized design systems including CAD/CAM. We plan to strengthen our capabilities in designing by continuously upgrading our design studios both in terms of human resources and machinery.

Present Manufacturing Facility

We own approximately 5196 sewing machines, 15 computerized embroidery machines and a variety of other sophisticated equipment for our Woven garmenting facilities and approximately 2682 sewing machines, 17 computerized embroidery machines and a variety of other sophisticated equipment for our knitted garmenting facilities.

Some of our key equipment suppliers include Jeanologia S L, FG Textil Konfeksiyon, TGS Dis Ticaret A.S, Juki Singapore Pte Limited, Melco Inc, Baruden Corp Japan, Tonello, Italy, Mayer GmbH, Germany, Brother International, Singapore, Typical International, China, Modsu Corporation FZE, UAE. We work closely with these suppliers to ensure that equipment and machinery are delivered on time and meet our stringent performance specifications. The average working life of our sewing machines is approximately seven years, which we believe is comparable to the industry standard. Our in-house technicians conduct routine maintenance and repair work, with technical support provided by suppliers.

As on date, we have 24 manufacturing units/factory at Karnataka and Tamil Nadu including sampling unit at Karnataka and Tamil Nadu. The details of the same are as under:

Sl. No	Unit Nos.	Address
Karnataka		
1.	UNIT - I	481/A, & B, IV Phase, Peenya Industrial Area, Bangalore
2.	UNIT - II	A) 292/B, Patel Chennapa Estate, Andrahalli Main Road, Peenya 2nd Stage, Bangalore B) Annex, 422&422A Patel Channappa Indl Area, Yeshwanthpur, Bangalore
3.	UNIT - III	108/B, 3rd Stage 3rd Phase, Peenya Industrial Area, Bangalore - 560 058
4.	UNIT - IV	B-66 3rd Stage Peenya Indl Area, Bangalore
5.	UNIT - V	1028/1, Irudayapuram, Pattepalli Road, Robertson Pet, K.G.F
6.	UNIT - VI	Plot No. V 27, III Stage, Peenya Industrial Area, Peenya 2nd Stage, Bangalore
7.	UNIT - VII	22, Bangarpet Industrial Area, KGF Road, Bangarpet, Kolar District.
8.	UNIT-VIII	Plot No. 1 & 2, Survey No. 10, NH4 Near Bharath Petrol Bunk, Sathyamangala Industrial Area, Tumkur
9.	UNIT- IX	5/1 Madanayakanahalli, Tumkur Road, Bangalore
10.	UNIT-X	5F2, 1st Phase, Peenya Indl Area, Near Ayyappa Temple, Opp Canara Bank, Jalahalli West, S.M Road, Bangalore
11.	UNIT-XI	Plot A 353 (a), 8th Main, Peenya II nd Stage, Peenya Industrial Area, Bangalore
12.	UNIT-XVI	No.36/6, Byraweshwara Industrial Area, Hegganahalli Village, Andrahalli Main Road, Vishwaneedam Post, Bangalore
13.	UNIT-XVII	S.No. 61 Narepally Village Kasaba Hobli, Bagepally (Taluk), Chikkaballapura, Karnataka
14.	UNIT-XVIII	7/1, Gummanahalli Road, Byadgi, Karnataka
Tamil Nadu		
15.	Unit - I	No 226/1, Pudur Pirivu, Dharapuram Road, Tirupur
16.	Unit -III	SF No.295, I.G Colony, Sandaimedu, Murugampalayam Post Tirupur
17.	Unit - IV	1/805, Near Lakshmi Theater, Dharapuram Road, Palavanchipalayam Post,

Sl. No	Unit Nos.	Address
Karnataka		
		Tirupur
18.	Unit - V	SF.No: 137/1A - Dhanalakshmi Rice Mill Compound, Karaipudhur (po), Arulapuram, Palladam Road, Tirupur
19.	Unit - VI	SF No 368, Nochipalayam Road, Lashmi Garden, Veerapandi, Tirupur
20.	Unit - VII	699/2 RM Brothers Ind. Complex, Kamaraj Road, Tirupur (Sampling Unit)
21.	Unit - VIII	No.2/785-B, Mahalakshmi Nagar, Tirupur Main Road, Naranapuram Post, Palladam (tk), Palladam
22.	Unit - IX	SF 536/5 Veerapandi, Veerapandi Village, Tirupur
23.	Unit - X	SF No.643, kolathupalayam, Veerapandi Post, Tirupur
24.	Unit - XI	SF No 262, Nallur Village, Tirupur

Our ongoing Projects:

Other than above, we have commenced setting up of manufacturing units at following locations

1. Doddaballapur & Kolhapur

The project at Doddaballapur and Kolhapur is proposed to be part funded from the IPO proceeds. The complete details of these projects are appearing under section titled "Objects of the Issue" on Page no.44

2. Kolar

The Company is also setting up manufacturing facility for stitching of woven garments at Sy. No. 30/1 & 32/11, Sangondahalli in an area 38,000 Sq. Feet and knitted garments at Sy. No. 60, Sultan Thippasandra admeasuring 35,000 Sq.Feet. In terms of the application and project report submitted to Canara Bank vide letter dated 17/01/2011 the Company proposes to install 1200 imported sewing machines with a capacity to produce 9600 pcs of woven garments per day and 800 imported sewing machines with a capacity to produce 8,000 pcs of knitted garments per day. The addition in annual capacity will be 52,80,000 pcs from both Woven & Knits Garments. The Company expects to commence the commercial production by April 2013. The total cost of the project has been estimated at ₹7800.00 lacs.

Equipments

Our main production equipment for the manufacturing of garments includes the following:

- Laser Dry Processing Machines
- Feed of Arm Machines
- Back Pocket Decorative Machines
- Single Needle Lock Stitch Machine
- Flock Powder Machine
- Color Mixing Machine
- Exposing Table
- Printing Machine
- Heater Machine
- Hydro Extractor Machine 100 Kgs
- Vertical Dyeing Machine 430 Kgs
- Weighing Scale Machine
- Gerber Cutting Machine

- Cut & Fit Band Knife Machine
- Straight Knife Cutting Machine 6"
- Straight Knife Cutting Machine 8"
- Computerized Quilting Machine
- Cuff Iron Machine
- Water Machine
- Fusing Machine
- Needle Detector Machine
- Multi Needle m/c
- Straight Knife m/c
- Fab-panching m/c
- Bartack m/c

Infrastructure Facilities

Raw Material

We require different kind of fabrics for manufacturing of garments in concurrence with our customers. The raw materials used for the manufacturing of different garments are 100% cotton yarn dyed fabrics, cotton high twist yarn dyed fabrics, Linen Fabric, Cotton organic dyed & printed fabric, cotton grey fabric, cotton organic grey fabric, cotton dyed fabrics and cotton printed fabrics. The company also sources polyester chiffon printed fabrics, polyester cotton burnout print, polyester chiffon jacquard print, cotton lycra grey fabric, cotton lycra dyed fabric, cotton lycra print fabric, polyester cotton lycra dyed fabric and denim fabric. The Company procures raw material from different suppliers located domestically and internationally depending on the quality and price benefits. We do not have any long term contract with our suppliers of raw material that restricts our capability to tap the economical and quality raw material from any other supplier. However, strong relationships with our suppliers have helped to avoid disruption in supply of raw material for our manufacturing process.

Our Top Ten Suppliers of Raw Materials viz Yarn and Fabrics for Financial Year 2011-12 are:

Sl.No.	Company Name	% of Total Purchases
1.	Bombay Rayon Fashions Ltd.	11.96
2.	Arthanari Loom Centre (Textile) Pvt Ltd.	5.27
3.	RSWM Ltd.	3.31
4.	Arvind Ltd.	3.04
5.	Arthanari Clothing Pvt Ltd.	2.42
6.	A New Vission(BOMBAY)	2.25
7.	Raymond Uco Denim Private Ltd	2.06
8.	K.G. Denim Ltd	2.02
9.	Mahalakshmi Textiles	1.78
10.	A-Tex (India) Pvt.ltd.	1.48

Our Top Ten Customers for Financial Year 2011-12 are:

Sl. No.	Buyer	Country	% to total revenue
1.	Best Seller A/s	Denmark	62.60
2.	Bombay Rayon Fashions Limited	India	7.79
3.	Old Navy	USA	4.44
4.	Rhodi Suppliers Ltd	United Kingdom	3.80
5.	Best Seller A/s	Norway	2.11
6.	Best Seller	Canada	1.59
7.	Kaufland Warenhandel GMBH+Co	Germany	1.45
8.	Mayoral Moda Infantil S.A.U	Spain	1.24
9.	Best Seller Fashion Group(Tianjin)	China	0.84
10.	H&M Hennes & Mauritz Logistik	Germany	0.80

Our Top Ten Creditors for supplies for Financial Year 2011-12 are:

Sl.No.	Company Name	% of Total Creditors for Supplies
1.	A New Vision (Bombay)	7.46
2.	VSM Weaves India Limited	3.04
3.	K G Denim Ltd.	2.84
4.	S S M Fine Yarns	2.84
5.	Color Chemicals	2.40
6.	Sri Sarvana Spinning Mills	2.22
7.	A Tex India Pvt. Ltd.	1.81
8.	Sulochana Cotton Spinning Mills	1.74
9.	Arthanari Loom Centre	1.56
10.	Jayavishnu Spintex Pvt. Ltd.	1.50

Utilities

The existing utilities for the various divisions of our Company are tabulated below:

Sl. No	Address	Power Sanctioned	Water Requirement on daily basis	Compressed Air	DG Set
1	481/A, & B, IV Phase, Peenya Industrial Area, Bangalore - 560 058	750 KVA 250 KVA	100000 Lts. / per day 700000 Lts. / per day	40 HP * 2 15 HP	500 KVA * 3 250 KVA * 2
2	A) 292/B, Patel Chennapa Estate, Andrahalli Main Road, Peenya 2nd Stage, Bangalore - 560 091	85 HP Bescom	4000 Lts / Per day	2 HP	250 KVA
	B) Annexe, 422 & 422A Patel Channappa Indl. Area,	40 HP Bescom 10 HP Bescom		1 HP	

Sl. No	Address	Power Sanctioned	Water Requirement on daily basis	Compressed Air	DG Set
	Yeshwanthpur, Bangalore -560 022				
3	108/B, 3rd Stage 3rd Phase, Peenya Industrial Area, Bangalore - 560 058	67 HP Bescom	1500 Lts / Per day	2 HP	100 KVA
4	B-66 3rd Stage Peenya Indl Area, Bangalore - 560 058.	60 HP Bescom	1500 Lts / Per day	1 HP 2 HP	100 KVA
5	1028/1, Irudayapuram, Pattepalli Road, Robertson Pet, K.G.F	65 HP Bescom	1500 Lts / Per day	1 HP 2 HP	125 KVA
6	Plot No. V 27, III Stage, Peenya Industrial Area, Peenya 2nd Stage, Bangalore - 560 058.	350 KVA (HT)	5000 Lts. / Per day	10 HP	500 KVA
7	22, Bangarpet Industrial Area, KGF Road, Bangarpet, Kolar District	250 KVA (HT)	4000 Lts. / Per day	7.50 HP 1 HP	250 KVA
8.	Plot No. 1 & 2, Survey No. 10, NH4 Near Bharath Petrol Bunk, Sathyamangala Industrial Area, Tumkur	200 KVA (HT)	5000 Lts. / Per day	1 HP * 2 10 HP	380 KVA
9	5/1 Madanayakanahalli, Tumkur Road, Bangalore - 562 123.	500 KVA	6000 Lts. / Per day	50 HP	500 KVA
10	5F2, 1st Phase, Peenya Indl. Area, Jalahalli West, S M Road, Bangalore - 560 058.	96 HP 65*2 HP	2000 Lts / Per day	15 HP	250 KVA
11	S.F. No. 226/1 - Dharapuram Road, Pudhur Pirivu, Tirupur - 641 608	150 HP	24000 Lts / Per day	15 HP	200 KVA
12	SF No.262, Nallur Village, Tirupur	120 HP	1000 Lts / Per day	10 HP	125 KVA
13	S.F No. 295, IG Colony., Sundamedu, Murugampalayam (po), Vidhalayam stop, Tirupur - 641687	60 HP	24000 Lts / Per day	10 HP	125 KVA
14	D No. 1/805 - Near Lakshana theatre., Palavanchipalayam (po), Dharapuram Road., Tirupur - 641608	55 HP	24000 Lts / Per day	10 HP	110KVA
15	SF.No: 137/1A - Dhanalakshmi Rice Mill Compound, Karaipudhur (po), Arulpuram, Palladam Road, Tirupur-5	50 HP	1000 Lts / 3 days once	NIL	35 KVA
16	SF. No-368 - Nochipalayam road, Lakshmi garden, Veerapandi (po), Tirupur	370 HP	24000 Lts / Per day	10 HP 25 HP * 2	200KVA 100KVA 125KVA 125KVA
17	No.2/785-B, Mahalakshmi Nagar, Tirupur Main Road, Naranapuram Post, Palladam (tk), Palladam - 641 664	150 HP	12000 Lts / Two days once	15 HP	200KVA

Sl. No	Address	Power Sanctioned	Water Requirement on daily basis	Compressed Air	DG Set
18	SF. No. 536/5, Veerapandi(po), Tirupur - 641 605	950KVA	200000 Lts / per day	171 HP	1860 KVA
19	(Sample Unit), No.699/2-R.M & Bros., Industrial Complex, Kamaraj Road., Tirupur - 641 604.	65HP	1000 Lts / Week	7.5 HP	62.5 KVA
20	S.FNo.643, Near Veerapandi Telephone Exchange, Kulathupalayam, Veerapandi (p.o), Tirupur - 641 605.	165HP	12000 Lts / Four days once	15HP	250KVA
21	Plot A - 353 (a), 8 th Main, Peenya Industrial Area, Peenya 2 nd Stage, B'lore - 560 058	150 KVA (HT)	3000 Lts. / per day	5 HP	125 KVA
22	No.36/6, Byraweshwara Industrial Area, Hegganahalli Village, Andrahalli Main Road, Vishwaneedam Post, Bangalore	50 HP	3000 Ltrs per day	5 HP	40 KVA
23	S.No. 61 Narepally Village Kasaba Hobli, Bagepally (Taluk), Chikkaballapura, Karnataka	180 KVA	10,000 Ltrs per day	10HP	125 KVA
24	7/1, Gummanahalli Road, Byadgi, Karnataka	150 KVA	10,000 Ltrs per day	10HP	125 KVA

We have arrangement with various governmental bodies depending on the location of our facilities for the supply of power.

Products

We specialize in tailor made products for men, women and kids and manufacture these ready to wear garments depending on the specifications of our customers. These products are sold to our customers who in turn sell it to the end users. The different products manufactured by our Company include the following.

Woven Garments

- Shirts (Cotton, Denim)
- Tops
- Skirts
- Trouser (Cotton, Denim)
- Shorts
- Cargos

Knitted Garments

- T-Shirts (Basic and Embroidered)
- Sweats
- Jerseys

Woven Garments

We have specialized ourselves into manufacturing of woven garments especially shirts for our esteem clientele. The garments manufactured by us assist in commanding a premium on our product. We manufacture woven

garments for men, women and kids that include shirts, cargos, trousers, denims, skirts, shorts etc. Our woven products have earned us revenue of ₹35074 lacs for the F.Y.2011-12 as compared to ₹28,998 lacs in the F.Y.2010-11.

Knitted Garments

We manufacture knitted garments that include t-shirts, sweats and jerseys. Our knitted products have earned us revenue of ₹14951 lacs for the F.Y.2011-12 as compared to ₹20,529 lacs in the F.Y.2010-11.

Competitors

The garment manufacturing industry, globally and in India, is highly fragmented, with a large number of small and medium sized manufacturers having a local presence in Western Europe, China and India. Our competitors in our manufacturing operations in India include, among others, Mandhana Industries Limited, Gokaldas Exports Limited, House of Pearl Fashion Limited, KPR Mills Limited, Indus Fila and Mudra Lifestyle Limited. Further we also face competition from regional players located in China, Bangladesh and Vietnam.

We believe that our manufacturing facilities, designing and sampling capabilities and diversification in product mix i.e. catering to Woven and Knit segment differentiates us from our competitors. We intend to continue to leverage our scalable and cost efficient production and operational capabilities, focus on providing innovative designs to our customers and maintain strong relationships with our customers.

Marketing and Distribution

Marketing involves managing relationships with our existing customers and meeting the needs of new customers. Our Marketing and Merchandizing team interacts face-to-face with our customers and play a critical role in showcasing our designs and products, managing the distribution of our products and providing customer specific solutions to existing and potential customers.

Competitive Strengths

We are into the business of manufacturing readymade garments for last two decades. We believe that we have the following competitive strengths to maintain and enhance our position as a leading multi-product ready-to-wear fashion apparel business: Our principal competitive strengths are hereunder:-

- 1. Multiple Product Capability:** We have developed a range of product offerings in order to address the varied and expanding requirements of our customers. Our product offerings include woven, knits, sweats, jerseys and woven trousers (cotton and denim) for both genders across all ages. We believe that our broad range of apparel products and hi fashion garment experience allows our customers to source most of their product categories from a single vendor and enables us to expand our business from existing customers, as well as address a larger base of potential new customers. We believe our business model and product diversification provides our customer One Stop Solution for all apparel requirements.
- 2. Strong Management Team:** We benefit from the leadership of our management team, which has extensive experience in the apparel industry. Our Promoter has adequate experience in the textile industry and we have successfully implemented expansion projects in the past. Our Key Management Personnel are largely responsible for successful execution of our growth strategy by expanding our manufacturing facilities, developing new customer base and strengthening our customer relationships. In addition to our senior management team, we believe that our middle management team and skilled work force comprising of designers, tailors, merchandisers and marketing personnel provide us with depth needed to manage our growth.

Our emphasis on creating and sharing value have not only retained but attracted people to be part of the Company, which we believe to be an important competitive advantage as we enter new markets and expand our product offerings.

3. **Relationship with big sized players in international market:** Our customers include value retailers as well as higher-end fashion brand retailers, such as Best Seller, Old Navy, H& M Hennes & Mauritz, Rhodie Suppliers, C & A, S. Oliver, Jules, No Excess, Mayoral Moda, Infinil S.A., The S Group Inc., etc. We supply our multi product offerings to Bestsellers for their 5 sub-brands viz, Veromoda, Jack and Jones, Only, EXIT and SELECTED. We focus on maintaining long-term relationships with our customers. We have strong relationship with some of our leading customers, and have a decade old business relation with Best Seller, who is one of our largest customer in terms of revenues.

We believe that our ability to address the varied and expanding requirements of global customers over long periods enables us to obtain additional business from existing customers as well as new customers. We serve most of our customers across all streams of our business model, which we believe increases their loyalty to us.

4. **We produce products at competitive price:** Our automated designing and sampling facilities enable us to produce quality products throughout the year. We have modern scanning and quality assurance equipment, benefitting our manufacturing process significantly in terms of reducing wastage and enabling us to demand a premium for our products. We believe that our fair customer service policies and consistently high quality products have earned us significant good will from our customers, which has resulted in repeat orders from many of them.
5. **Stringent quality check:** The Company believes in providing the best possible quality to the customers. There are quality checks in place that prevent any defective material from reaching the customer. Quality control measures are in place at every step in the manufacturing process. The Company also has a well-equipped quality control department.
6. **Designing Capabilities:** We have two dedicated and well-equipped design studios in Tirupur and in Bangalore with Qualified, skilled and experienced employees preparing designs. There is also an information system in place that keeps a database of all the designs created for future reference. The studios are equipped with latest design software including CAD/CAM. Our designers travel extensively to our target markets to study the latest trends in those countries. We encourage them to visit fashion shows to help them in their study of fashion. This practical exposure helps the design team come out with new designs and ideas based on the current trends and fashion in the international market. The new designs are then sent out to the laboratory for various testing of the garments before the designs are released to the sampling unit for the further marketing and sales purposes. These design studios generate various styles for garment business and at the same time, enables us to work on designs supplied by the customers. The design studio takes feedback from the customers on the samples already sent and modifies the design according to the customer's suggestions.
7. **Sampling Capabilities:** Our Company has capabilities to produce garment samples as per designs developed by our design studios in Tirupur and Bangalore. Our design and sampling department is well equipped with facilities like sample dyeing, sample printing, washing and processing facilities. We have two garment sampling units, one in Tirupur and one in Bangalore. These units provide samples to the customer for selection. These finished garment samples are sent to the customer for approval. Availability of the sampling unit helps the company in providing the customer with a wide variety of choices at the minimal possible cost to the company. The garment making process starts only after the samples are approved. Different processes of sampling are involved for products going to different market segments. Our above-mentioned capabilities give us an advantage over other garment manufacturers.
8. **Strategic Location Advantage:** We have strategically located our operations. All our woven garment facilities are located in Karnataka with major production at Bangalore and knitted garment facilities are located in

Tirupur, Tamil Nadu and Bangalore & Bagepalli in Karnataka. We believe location of our units gives us significant savings in production, labour and transportation costs. Our knitted operations in Tamil Nadu are within a 10-kilometer radius of Tirupur, which is regarded as one of Asia's largest apparel manufacturing clusters. Our locations provide us convenient access to airports, ports and are also within close proximity of our domestic suppliers.

Export

Our major customers are located at Europe and USA. Given below are export figures for the last three years.

Year	Exports (₹ In Lacs)*	Revenue From Operations (₹ In Lacs)*	Exports as a percentage to Net Sales (%)
2009-10	39,451.83	43,017.07	91.71
2010-11	48,207.38	49,527.73	97.33
2011-12	45,741.38	50,025.46	91.44

*Includes Export Incentive received by the company on account of export sales

Export Obligations

Our export obligation for the year ended 31/10/2012 stood at ₹ 15580.30 lacs

Client

In last three years we have received repeated orders from renowned international clients like Best Seller, Gander Mountain, S.Oliver, C&A, Vila A/s, H&M Hennes & Mauritz, Rhodi Suppliers Limited, Mayoral Moda, Kaufland etc. During the current year our Company has added new customers such Carrefour (France), United Colors of Benetton (Italy), VOI Jeans (Italy), The S Group Inc., Prime Mark (UK), River Island (UK), House of Fraser (UK), GAP (USA), Perry Ellis (USA), Abercrombie & Fitch (USA), GANT(USA), Arcadia Group (UK).

Business Strategy

- Strengthening Apparel designing and Product Development Process:** We operate in a highly creative and dynamic fashion industry that requires keeping up pace with ever-changing market trends. Our strategy is to focus on the development of new designs and samples for our garments. Our in house studios are equipped with latest design software including CAD/CAM thus enabling us to successfully convert our designs into samples into final products. We plan to strengthen our capabilities in designing by continuously upgrading our design studios both in terms of human resources and technology. We plan to tap the hi-end readymade garment segment which will help us in maintaining higher sales realization for our final products.
- Strengthening Product Portfolio and enhancing capacities to meet client demands:** Presently our product portfolio comprises of Ready Made Garments which includes the export of specific garments. Our strategy is to increase the product portfolio shall include the addition of diversified high fashion garments and catering the same to other large sized players that are specifically into sale of these garments. We shall also target enhancing the capacities of our existing manufacturing capacities to meet the incremental client demand for our products.
- Integrated Operations:** We presently focus on the manufacturing of Ready Made Garments from the sourced fabrics and raw materials. Our long term objective is to integrate our operations and develop in house facilities

from yarn dyeing to garment manufacturing. The integrated operations of our company shall derive the benefits of economies of scale and increase the quality control on our final product.

4. **Controlling Operational Cost:** We believe that to sustain the competitiveness of the industry we have to continuously focus on controlling the cost incurred for various operational activities. Our strategy to control the cost shall include the controlling raw material cost through negotiations with the suppliers, increasing focus on quality control to reduce the wastage and identifying the high cost areas of the Company.
5. **Tap domestic market and expanding geographic reach:** Our major portion of export income is from European nations. Though we have high exposure in this region, we weren't vastly affected from the global meltdown. However, to insulate ourselves from any future economic slowdown, we plan to increase our presence in domestic market and also tap the other regions across the globe. Our Company will also continue exploring opportunities in various countries where it can supply value added textile products to enhance its geographic reach. This shall help us to mitigate the risk linked to different markets and widen the growth prospects.

Capacity

Our Company normally operates in either one shift or two shifts depending on the orders in hand. The present capacity of our company for all the units is stated below:

Existing Installed Capacity

Particulars	Financial Year		
	2010	2011	2012
Knitted Garments			
Installed Capacity	1,15,00,000	1,15,00,000	1,17,36,000
Capacity Utilization	1,13,57,955	1,01,83,195	81,70,625
Capacity Utilization (%)	98.76	88.55	69.62
Woven Garments			
Installed Capacity	96,63,000	96,63,000	99,72,000
Capacity Utilization	58,65,936	80,45,851	99,09,002
Capacity Utilization (%)	60.71	83.26	99.37

Proposed Capacity Utilisation

Particulars	Financial Year		
	2013 (E)	2014	2015
Knitted Garments			
Installed Capacity	1,71,92,000	1,99,92,000	1,99,92,000
Capacity Utilization	1,46,00,000	17040000	17280000
Capacity Utilization (%)	84.92	85.23	86.43
Woven Garments			
Installed Capacity	1,20,61,000	1,48,66,000	1,48,66,000
Capacity Utilization	1,12,12,500	1,36,44,000	1,38,78,000
Capacity Utilization (%)	92.96	91.78	93.35

E - Estimated

Proposed Project - Capacity Utilisation
➤ Doddaballapur

(No. of pieces/ Annum)

Particulars	First year	Second year	Third Year
Installed Capacity*	90,00,000	90,00,000	90,00,000
Capacity Utilization	63,00,000	72,00,000	76,50,000
Capacity Utilization (%)	70.00	80.00	85.00

*300 operating days

➤ Kagal

(Kgs/ Annum)

Particulars	First year	Second year	Third Year
Installed Capacity#	1,40,00,000	1,40,00,000	1,40,00,000
Capacity Utilization	84,00,000	98,00,000	1,19,00,000
Capacity Utilization (%)	60.00	70.00	85.00

#350 operating days

Intellectual Property Rights:

We had made an application dated 26/11/2007 for registration of our erstwhile logo under the class 18, 22, 23, 24, 25 and 26 of the Trade Marks Act 1999. The Registrar of Trade Marks, Chennai has issued an order dated 19/12/2008 objecting the application on the relative grounds of refusal under section 11 of the Trade Mark Act, 1999 because similar trademark is already on the record of the registrar for the same/ similar goods/ services. The application was abandoned for lack of prosecution under section 132 of the Trade Mark act, 1999.



Subsequently, we have filed a new application dated June 08, 2012 for registration of our new logo .

Properties
Owned Property:

The details of the immovable properties which are registered in the name of the Company are given below:

Sl. No	Type of Arrangement	Vendor	Purpose	Location of Property	Area	
					Sq.mt	Original units
1	Deed of Sale dated November 18, 2004.	The Karnataka Industrial Areas Development Board represented by Shri N. Nagaraja Naik ("Vendor").	Factory	Plot No. 481-A of Peenya, 4 th Phase, Industrial Area, situated in Sy. No. 88 of Nallakadaranahalli Village	4146 sq.mt	4146 sq.mt
2	Deed of Sale dated May 9, 2002.	The Karnataka Industrial Areas Development Board represented by Shri N. Nagaraja	Factory	Plot No. 481-B of Peenya, 4 th Phase, Industrial Area, situated in Sy. No. 46 of	1874 Sq.mt	1874 Sq.mt

Sl. No	Type of Arrangement	Vendor	Purpose	Location of Property	Area	
					Sq.mt	Original units
		Naik ("Vendor").		Nallakadaranahalli Village, Yeshwanthpur Hobli		
3	Deed of Sale dated April 28, 2007.	Smt. Muniyamma ("Vendor").	Factory	Sy. No. 127 of Nallakadaranahalli Village, Yeshwanthpur Hobli, Bangalore North Taluka	1534.35 Sq.mt building and land measuring 1012.77 sq.mt	10 guntha land and 10890 sq.ft building
4	Deed of Sale dated May 26, 2008 and Registration No. BBE/3919/2008.	Mindwest (India) Industries Limited ("Vendor").	Office	10 th Floor in the Building known as Mittal Towers C- Wing and all other internal and external fittings at Flat No. 210, Block No. III CF, Backbay Reclamation Scheme, Nariman Point, Mumbai	105.65 sq.mt	1136 sq.ft
5	Deed of Sale dated December 2, 2005.	Karnataka State Financial Corporation represented by Assistant Gen. Manager Shri. D. Basavaih ("Vendor").	Factory	New No. 1028/1, of CTS No. 1568 (part) situated at Pattepalli Road, Robertsonpet, K.G.F. Bangarpet Taluka,	874.1 sq.mt	9200 sq.ft
6	Deed of Sale dated December 2, 2005.	Smt. Sonal S. Arora and Smt. Namitha R. Arora ("Vendors")	Factory	Joint- II Sub Registration District) Tripur Taluk, Veerapandi Village G. S. No. 536/5 measuring Acre 1.62.	6562.81 sq.mt	1.62 Acre
7	Sale Deed dated December 2, 1994	Kumaraswami Gounder and Jaganathan ("Vendors")	Factory	1) Sub District, Palladam Taluk, Ganapathipalyam Village S. F. No. 218/1A, Hec.	11,832 sq.mt approx	2.92 Acre

Sl. No	Type of Arrangement	Vendor	Purpose	Location of Property	Area	
					Sq.mt	Original units
				2.46.0 (Ac.6.08) 2) S.F. No. 218/1B. Hec. 0.10.5. Ac. 0.25 3) Total extent of Ac. 2.92 with a well in the south eastern corner of S. F. 218/1A		
8	Sale Deed dated December 4, 2003	Sarjan Realities Pvt. Ltd. ("Vendors")	Wind Farm	Palladam Taluk, Edayarpalayam Village in S. F. No. 321/ (Part) admeasuring Acres 0.98. 2) Palladam Taluk, Edayarpalayam Village in S. F. No. 322/ (Part) admeasuring Acres 1.02. 3) Palladam Taluk, Edayarpalayam Village in S. F. No. 316/ (Part) admeasuring Acres 2.00.	16204 sq.mt	4 Acre
9	Sale Deed dated March 7, 2007	Tiripur Arora Textile Process Private Limited ("Vendor")	Factory	Tiruppur Taluk, Veerapandi Village, S. F. No. 535, Ac. 10.76 - in this a specific extent of Ac. 1.56 As per Re-survey the property is in S.F.No. 535/3 Hec. 0.61 Patta No. 634	6319.74 Sq.mt	1.56 Acre
10	Sale Deed dated July 1, 1991	Sri S. Subramaniam ("Vendor")	Company Guest house	Tirpur Taluk, Tiruppur	445.33 sq.mt of	4788.75sq.ft land and

Sl. No	Type of Arrangement	Vendor	Purpose	Location of Property	Area	
					Sq.mt	Original units
				Municipal Town, Old Ward No. 10, New Ward No. 17, Rayapuram S. F. No. 765	land, R.C.C. building measuring 217.5 Sq. mt and 114.75 Sq. mt.	217.5 sq.mt
11	Sale Deed dated January 12, 2009	Shubh Reality (South) Private Limited ("Vendor")	Wind Farm	In Tirunelveli Registrtrion District, Radhapuram Sub- Registration District, Radhapuram Taluk, Radhapuram Village, SF No. 594/20 SF No. 594/24 SF No. 594/25 SF No. 594/26 SF No. 594/27 SF No. 594/28 SF No. 594/29 SF No. 594/30 SF No. 594/31 SF No. 594/32 SF No. 594/37 SF No. 594/38 SF No. 594/39 SF No. 594/40 SF No. 594/41 SF No. 594/42 SF No. 594/43	8102.23 sq.mt	2 acre
12	Sale Deed dated September 15, 2008	Mr. Subramaniam ("Vendor")	Presently Vacant land	In Tirupur Registration District, Nallur Sub Registration District, Tirupur Taluk, Veerapandi Village,	16488.04 sq.mt	4.07 Acre

Sl. No	Type of Arrangement	Vendor	Purpose	Location of Property	Area	
					Sq.mt	Original units
				S. F. No. 536/1 Punjai Ac. 3.09. in this an extent of Punjai Hec. Boundaries :- Admeasuring on punjai hec. 0.39.5 (Punjai Ac. 0.98) of agricultural land Patta No. 1230, Patta pass book No. 308528		
13	Sale Deed dated May 12, 2010	Mr. K.V.Jayaram ("Vendor")	Presently Vacant Land	Sy. No. 60 admeasuring - dully converted vie ALN-SR-255/2009-10 at Sultan Tippasandra Village Kasaba Hobli, Kolar Taluka, Kolar District.	3241.12 Sq.mt	32 Guntha
14	Sale Deed dated August 22, 2005	Sushil S Arora & Rajesh S Arora	Factory	Sy. No 536/6, Veerapandi Village, Nallur, Sub Registration, Tirupur District	6969.93	1.72 acres
15	Sale Deed dated November 8, 2010	Abdulla Khan	Factory	Sy No.30/1, and 32/1, Sangondanahally Village, Chikkaballapur Road, Kolar	9251.67 sq mt	1 acre 22 gunthas and 32 gunthas respectivel y
16	Sale Deed dated January 24, 2012	Abdulla Khan	Factory	Sy No.32/2, and 30/2 Sangondanahally Village, Chikkaballapur Road, Kolar	1519.27 sq.mt	15 gunthas
17	Sale Deed Dated January 29, 2010	Neolux India Limited & Bank of Baroda	Factory	Plot no. E-2 and E-3, MIDC Tarapur	15,600 sq. meters	15,600 sq. meters

Sl. No	Type of Arrangement	Vendor	Purpose	Location of Property	Area	
					Sq.mt	Original units
				Industrial Area, Salwad Taluka, Dist Thane, Maharashtra		

Leased properties

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
Allotment letter dated August 28, 2007 No. HO/PO/A LLT-17512/7258 /07-08 and March 25, 2010 No. KIADB-HO/ALLOT-17512/1646 4/09-10 issued by KIADB Lease cum sale agreement dated February 28, 2011	KAIDB ("Less or").	Scotts Garments Private Limited ("Lessee").	Land in Plot No. D-3, D-4, A-3, A-10, A-11, S-43, S-44 & S-45 (P) at Apparel Park Industrial Area, I Phase, Doddaballapura	57567 sq meters	57567	The Company has paid consideration of ₹619.08 lacs for allotment of land The yearly rent payable is ₹14,225/- The Company shall also pay yearly maintenance of ₹1.06 lacs	10 Years
Leave and License Agreement dated July 10, 2007.	Apparel Export Promotion Council ("Licensor").	Scotts Garments Private Limited ("Licensee").	Premises/Showroom bearing No. 312-313 located on 3 rd Floor in the 'Apparel House' at Sector-44, Institutional Area, Gurgaon, Haryana.	543.37 sq.ft	50.53	Fixed License Fees: ₹ 33,96,120/- Monthly maintenance of ₹ 8,151/- Interest Free Security Deposit	10 years

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
						of ₹ 1,00,000/-	
Lease Agreement dated December 19, 2007.	Karnataka Industrial Area Development Board ("Lessor").	M/s. Scotts Garments Limited. ("Lessee").	All that piece of land known as Plot No. 22 in Sy No. 141 and 120 part in the Bangarpet Industrial Area Taluka Bangarpet, District Kolar	4033 sq. mtrs	4033	The Lessee has paid the Lessor the sum of ₹ 1,36,032/- towards the allotment consideration. The Lessee shall pay to the Lessor a sum of ₹ 1008/- towards the yearly rent and maintenance charges of ₹ 1495/-	10 year lease cum sale arrangement
Lease Agreement dated January 12, 2008.	Karnataka Coir Complex Private Limited ("Lessor").	Scotts Garments Limited ("Lessee").	Plot No. 1 & 2 in Survey No. 10, Sathyamangala Industrial Area, Sathyamangala Hobli, Kasaba Taluka, Tumkur District covered by A C Street.	27000 sq.ft. super built up	2511	The lease rent payable by the Lessee for the Property shall be at ₹ 6/- per sq.ft. per month and the rental shall be increased by 10% ever three years. 10 months rent is payable as interest free security deposit by the Lessee.	5 Years We are in the process of renewing the same.
Lease Agreement dated December 1, 2008. And Addendum Agreement dated August 13, 2012	M/s. Kasturi Industrial Estate ("Lessor").	Scotts Garments Limited ("Lessee").	Ground Floor, First Floor and Second Floor, situated at No. 5/1, Madanayakanahalli, Tumkar Road, Bangalore-562123 measuring about 75,000 sq.ft. of buildup area with 500 KVA power and	75,000 sq.ft.	6975	The monthly rent payable by the Lessee to the Lessor shall be ₹ 4,14,000/- exclusive of service tax from January 01, 2012 to March 2012. From April 01, 2012 to December	3 years effective from January 01, 2012

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
						<p>31, 2014 will be ₹4,91,000 per month exclusive of service tax</p> <p>The rent shall be enhanced by 15% every 3 years annually.</p> <p>The security deposit payable by the Lessee shall be ₹ 46,28,000/-, which shall be interest free.</p>	
Lease Agreement dated September 18, 2009.	Mrs. G. H. Nirmala ("Lessor").	M/s. Scotts Garments Ltd. ("Lessee").	#5F2, 1 st Phase, Peenya Industrial Area, Jalahgalli West, S.M.Road, Bangalore-560058,	19200 sq.ft.	1785.6	<p>The Lessee shall pay the monthly rent of ₹ 1,50,000/- subject to deduction on TDS.</p> <p>The rent will be enhanced by 10% on existing rent after 3 years.</p> <p>The Lessee shall pay a sum of ₹ 15,00,000/- as security deposit.</p>	5 Years
Lease Agreement dated June 11, 2011	Mr. Saud Nazir, Proprietor J.K. Engineering Services ("Lessor")	Mr. Naseer Ahmed, Managing Director, Scotts Garments Pvt. Ltd. ("Lessee")	No. B-108, Peenya Industrial Estate, IIIrd stage, Bangalore	526.22 sq.mt	526.22	The lessee shall pay ₹ 30,000/- every month and the tenancy shall begin from the first of every month of the English calendar terminating with the last day of every month.	5 Years

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
	or").	e").				The Lessee has paid a sum of ₹ 520,500 as security deposit.	
Lease Agreement dated April 1, 2005.	Mr. Arif Butt, Heritage Garments ("Lessor").	Mr. Naseer Ahmed, Managing Director, Scotts Garments Pvt. Ltd. ("Lessee").	No. B-66, Peenya Industrial Estate, IIIrd stage, Bangalore	461.49 sq.mt	461.49	The lessee shall pay ₹ 4,750/- every month and the tenancy shall begin from the first of every month of the English calendar terminating with the last day of every month.	20 Years
Lease Agreement dated October 24, 2007 and letter of extension dated February, 13, 2013	Agro Chem Industries ("Lessor").	Scotts Garments Limited ("Lessee").	Plot No. V-27, Peenya Industrial Estate, IIInd stage, Bangalore-560058,	1496 sq m	1496	The lease rent payable by the Lessee for the Property shall be at ₹ 3,25,000/- per month and the rental shall be increased by 5% ever three years. 10 months rent is payable as interest free security deposit by the Lessee.	Extension valid till October 23, 2013
Lease Agreement dated February 13, 2006. Addendum to the Lease Deed dated January 01, 2012	Mr. Suresh ("Lessor").	Mr. Naseer Ahmed, Managing Director, Scotts Garments Pvt. Ltd. ("Lessee").	Khaneshumari No. 535 (Old No. 422), situated at Patel Channappa's Industrial Estate, Hegganahalli, Yeshwanthpura Hobli, Bangalore North Taluka, Bangalore (Measuring East to West 68.00 feet and North to South 36.00).	2448 sq.ft	227.66	The Lessee shall pay the rent of ₹ 40,000/- every month. The Lessee has paid the Lessor a sum of ₹4,00,000/- as interest free security deposit.	5 Years

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
		e").					
Lease Agreement dated February 13, 2006 Addendum to the Lease Deed dated January 01, 2012	Mr. Srinivas ("Lessor").	Mr. Naseer Ahmed Managing Director, Scotts Garments Pvt. Ltd. ("Lessee").	No. 422/A, situated at Patel Channappa's Industrial Estate, Hegganahalli, Yeshwanthpura Hobli, Bangalore North Taluka, Bangalore	1904 sq.ft	177.07	The Lessee shall pay the rent of ₹ 10,000 every month. The Lessee shall increase the rent amount 10% on agreed rent (i.e. ₹ 11,424/-) once in 2 years. The Lessee shall pay the Lesser a sum of ₹ 2,00,000/- as interest free deposit.	5 years
Lease Agreement dated April 1, 2000. Addendum to the Lease Deed dated January 01, 2012.	Smt. Venkatalakshamma ("Lessor").	M/s. Scotts Garments ("Lessee").	No. 78/2, bearing Khaneshumari No. 108/292-B, situated at Patel Channappa's Industrial Estate, Hegganahalli, Yeshwanthpura Hobli, Bangalore North Taluka, Bangalore	4680 sq.ft	435.24	The Lessee shall pay the rent of ₹30,000/- every month. The Lessee has paid the Lessor a sum of ₹3,00,000/- as interest free security deposit.	5 years
Lease Agreement dated April 1, 2000 Addendum to the Lease Deed dated January 01, 2012	Smt. Jayalakshamma ("Lessor").	M/s. Scotts Garments ("Lessee").	Property in survey No. 78/2, bearing Khaneshumari No. 538 (Old No-425) situated at Patel Channappa's Industrial Estate, Hegganahalli, Yeshwanthpura Hobli, Bangalore North Taluka, Bangalore	4680 sq.ft	435.24	The Lessee shall pay the rent of ₹30,000/- every month. The Lessee has paid the Lessor a sum of ₹3,00,000/- as interest free security deposit.	5 Years
Lease Deed	Mr.	M/s.	No.A-353a situated at	859.57	859.57	The Lessee shall	3 years

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
dated September 20, 2010	Aminappa Gouda Sangana Gouda Patil ("Lessor")	Scotts Garments Limited ("Lessee")	Industrial Estate, Peenya 2 nd Stage of Peenya Industrial Estate Area within the limits of Nallakadernahalli Village, Yeshwanthpura Hobli, Bangalore North Taluk Factory Shed standing thereon	sq.mt land comprising of an industrial factory shed measuring 491.37 sq.mt	sq.mt land comprising of an industrial shed measuring 491.37 sq.mt	pay the Lessor the sum of ₹ 7,50,000/- per month including the rent for the leased premises and the plant and machineries. The Lessee has paid a sum of ₹ 75,00,000/- as security deposit which is repayable without any interest on the termination of the lease.	
Lease deed dated November 24, 2011	Shri B. Yogesh	Scotts Garments Limited	Land and building having ground floor, first floor and second floor situated at No.36/6, Bhyraveshwara Industrial Area, Hegganahalli Village, Andhrahalli Main Road, Vishwaneedam Post, Bangalore - 560 091	19500 sq. ft	1813.50 sq m	₹ 9,50,000/- as interest free deposit ₹ 95,000 as rent per month	5 years
Lease deed dated November 26, 2011	Shri V. Venkata Shiva Reddy	Scotts Garments Limited	Land and building having ground floor situated at S. no. 61, Narepally Village, Kasaba Hobli, Bagepally (Taluk), Chikkaballapura - 562 107	12,000 sq.ft	1116	₹ 6,00,000/- as interest free deposit ₹ 40,000 as rent per month	5 years
Lease cum Rent Agreement dated November 16, 2011	M/s. Pragathi Agrotech Indust	Scotts Garments Limited	Industrial shed situated at D-427, 10 th Main Road, 2 nd Stage, Peenya Industrial Area, Bangalore - 560 058	10,400 sq ft		₹ 8,00,000/- as interest free deposit ₹ 90,000 as rent per month	10 months

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
Addendum dated June 11, 2012	ries						
Sub Leased deed dated September 17, 2010	Karnataka Renewable Energy Development Limited	Scotts Garments Limited	Land bearing Serial No-77, Sindigere Village, Bellary Taluk, Bellary District	2 acres		₹ 6,14,000/- as interest free deposit ₹ 55,000 as rent per month	Upto March 29, 2040
Lease Agreement dated May 12, 2006.	State Industries Promotion Corporation of Tamilnadu Limited ("Lessor").	M/s. Scotts Garments Private Limited ("Lessee").	No. R-4 in the SIPCOT Industrial Growth Centre, Perundurai within the limits of Ingur, Taluka of Perundurai Sub-Registration District of Perundurai	5.59 acre	22645.75	The Lessee shall pay ₹ 14,98,120/- towards refundable plot deposit, ₹ 29,73,880/- towards development charges and ₹ 100/- towards Lease rent as advance being 100% payment in full.	The Property shall be allotted for the long lease of 99 years.
Letter for Extension of Rent Agreement dated May 23, 2012. Lease Deed dated May 07, 2008	Mr. M.Karuppusamy and Mr. K. Krishnasamy ("Lessor").	M/s. Scotts Garments Limited	The building rented is facing towards Scotts Clothing (P) Ltd., S.F.No.226/1-Dharapuram Road, Pudhur Privu, Tirupur-641608.	20,000 sq ft	1860	The lease rent shall be ₹ 80,000/- per month. The Lessee has paid ₹ 5,00,000/- as advance to the Lessor, which is refundable.	1 year from May 23, 2012.
Lease Agreement dated August 13,	Smt. Prema Rani ("Lessor")	M/s. Scotts Garments	In Tirupur Registration District, Nallur Sub Registration District, at	11,701.49 sq. ft	1088.23	The lease rent shall be ₹ 90,000/- per month.	The lease period is agreed with

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
2011.	or").	Limited ("Lessee").	Tirupur Taluka, Veerapandy Village in S.F. 295.			A refundable sum of ₹ 13.50 lakh is paid as advance by the Lessee to the Lessor.	effect from August 13, 2011, to March 31, 2013. We are in the process of renewing the same
Rental Agreement dated March 23, 2011	Mr. M.Nithyanadhan ("Lessor").	M/s. Scotts Garments Limited ("Lessee").	Coimbatore District, Tirupur Taluka, Palavanchipalayam Village, Near Lakshna Theatre, Door No.- 1/805.	31,846 sq.ft	2961.67	The monthly rent for the said property shall be ₹ 56,700/- with effect from March 23 2011 and the interest free advance shall be ₹ 15,00,000/-	3 years
Letter for Extension of Rent Agreement dated May 14, 2012. Rental Agreement dated April 1, 2009.	Mr. S.Venkatesh ("Lessor").	M/s. Scotts Garments Limited ("Lessee").	Coimbatore District, Tirupur Taluka, Nochipalayam Road, Lakshmi Garden, S.F. No.- 368, Veerapandi (po), Tirupur.	12000 sq. ft.	111.6	The monthly rent for the said property shall be ₹ 10,000/- and the interest free advance shall be ₹ 4,20,000/-	The duration of rent is for 1 year and the agreement can be extended by the mutual consent of the parties
Letter for Extension of Rent Agreement dated May 14, 2012.	Mrs. S. Balamani ("Lessor").	M/s. Scotts Garments Limited ("Lessee").	Coimbatore District, Tirupur Taluka, Nochipalayam Road, Lakshmi Garden S.F. No.- 368, Veerapandi(po), Tirupur.	7,068 sq. ft.	657.32	The monthly rent for the said property shall be ₹ 9,000/- and the interest free advance shall be ₹ 4,00,000/-	1 year and the agreement can be extended by the mutual consent of the

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
Rental Agreement dated April 1, 2009.							parties.
Letter for Extension of Rent Agreement dated May 14, 2012. Rental Agreement dated April 1, 2009.	Ms. V. Nandhini ("Lessor").	M/s. Scotts Garments Limited represented by Mr. Sayed Safiulla ("Lessee").	Coimbatore District, Tirupur Taluka, Nochipalayam Road, Lakshmi Garden S.F. No.- 368, Veerapandi(po), Tirupur. Godown and Building measuring area-	6,820 sq. ft.	634.26	The monthly rent for the said property shall be ₹ 10,000/- and the interest free advance shall be ₹ 4,20,000/-	1 year and the agreement can be extended by the mutual consent of the parties.
Letter for Extension of Rent Agreement dated May 14, 2012. Rental Agreement dated January 10, 2009.	Mr. K. Subbayan ("Lessor").	M/s. Scotts Garments Limited represented by Mr. Sayed Safiulla ("Lessee").	Coimbatore District, Tirupur Taluka, Nochipalayam Road, Lakshmi Garden S.F. No.- 368, Veerapandi(po), Tirupur.	10,080 sq. ft	937.44	The monthly rent for the said property shall be ₹10,000/- and the interest free advance shall be ₹4,00,000/-	1 year and the agreement can be extended by the mutual consent of the parties.
Letter for Extension of Rent Agreement dated May 14, 2012. Rental Agreement dated January 10, 2009 Rental Agreement dated	Mr. S. Lakshmi ("Lessor").	M/s. Scotts Garments Limited Unit 1 represented by Mr. K.Loganathan and Mr. R. Palanisamy ("Lessee").	Coimbatore District, Tirupur Taluka, Nochipalayam Road, Lakshmi Garden S.F. No.- 368, Veerapandi(po), Tirupur.	12,524 sq. ft.	1164.73	The monthly rent for the said property shall be ₹10,000/- and the interest free advance shall be ₹4,00,000/-	1 year and the agreement can be extended by the mutual consent of the parties.

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
December 4, 2007.							
Letter for Extension of Rent Agreement dated May 14, 2012. Rental Agreement dated September 01, 2009	Smt. S.Surekha ("Lessor")	M/s. Scotts Garments Limited ("Lessee").	Coimbatore District, Tirupur Taluka, Nochipalayam Road, Lakshmi Garden S.F. No.- 368, Veerapandi(po), Tirupur. Godown and Building measuring area	3321 sq ft	308.85 sq m	The monthly rent for the said property shall be ₹10,000/- and the interest free advance shall be ₹3,00,000/-	1 year and the agreement can be extended by the mutual consent of the parties.
Rental Agreement dated August 10, 2012 Rental Agreement dated November 2, 2009.	Mr. R. Kandhasamy ("Lessor").	M/s. Scotts Garments Limited ("Lessee").	Building at No. 699/2-R.M. & Bros., Industrial Complex, Kamaraj Road, Tirupur- 641604.	7200.00 sq ft.	669.60	The monthly rent for the said property shall be ₹10,000/- and the interest free advance shall be ₹1,00,000/-	The duration of rent is for 2 years and the agreement can be extended by the mutual consent of the parties.
Letter for Extension of Rent Agreement dated August 01, 2012 Lease Agreement dated June 24, 2009.	Smt. S.Pushpalatha ("Lessor").	M/s. Scotts Garments Limited ("Lessee").	The Second Floor measuring 15,000 sq.ft. in the three storey RCC building bearing D.No. 643/1, In S.F.No. 643/1A, Hec 0.36, Ac 0.90, Veerapandi Village, Tirupur Taluka, of Nallur Sub-District, Tirupur Registration District.	0.90 acre	3646.00 sq m	The Lessee shall pay a monthly rent of ₹8,500/- for the first year. For the second and third year, the rent shall be increased by 5 % on the monthly rent i.e. ₹8,925/-. The Lessee has paid to the Lessor refundable	The lease is for the period of 1 year commencing from August 1, 2012.

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
						deposit of ₹ 5,00,000/- without interest.	
Letter for Extension of Rent Agreement dated August 01, 2012 Lease Agreement dated June 24, 2009.	Smt. Kanchana Devi ("Lessor").	M/s. Scotts Garments Limited ("Lessee").	The Ground Floor measuring 15,000 sq.ft. in the three storey RCC building bearing D.No. 643/1, In S.F. No. 643/1A, Hec 0.36, Ac 0.90, Veerapandi Village, Tirupur Taluka, of Nallur Sub-District, Tirupur Registration District.	0.90 acre	3646.00 sq m	The Lessee shall pay a monthly rent of ₹ 8,500/- for the first year. For the second and third year, the rent shall be increased by 5 % on the monthly rent i.e. ₹ 8,925/-. The Lessee has paid to the Lessor refundable deposit of ₹ 5,00,000/- without interest.	The lease is for the period of 1 year commencing from August 1, 2012.
Letter for Extension of Rent Agreement dated August 01, 2012 Lease Agreement dated June 24, 2009.	Mr. S. Parameswaran ("Lessor").	M/s. Scotts Garments Limited ("Lessee").	The First Floor measuring 15,000 sq.ft. in the three storey RCC building bearing D.No. 643/1, In S.F. No. 643/1A, Hec 0.36, Ac 0.90, Veerapandi Village, Tirupur Taluka, of Nallur Sub-District, Tirupur Registration District.	0.90 Acre	3646.0	The Lessee shall pay a monthly rent of ₹8,500/- for the first year. For the second and third year, the rent shall be increased by 5 % on the monthly rent i.e. ₹8,925/-. The Lessee has paid to the Lessor refundable deposit of ₹5,00,000/- without interest.	The lease is for the period of 1 year commencing from August 1, 2012.
Rental Agreement dated March 24,	Mr. P. Mallika ("Lessor")	M/s. Scotts Garments	Land and Building measuring about 2600 sq.ft. situated at Door No. 4, Jawahar Nagar,	2600 sq ft	241.80	The monthly rent for the said property shall be ₹16,775/- and the	The duration of rent is for 3

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
2011	or").	Limited represented by Mr. Sayed Safiulla ("Lessee").	Sundamedu, Induvampalayam (PO), Tirupur.			interest free advance shall be ₹50,000/-	years till January 2014 and the agreement can be extended by the mutual consent of the parties.
Rental Agreement dated March 23, 2011.	Mr. K. Lakshmi ("Lessor").	M/s. Scotts Garments Limited represented by Mr. K. Loganathan ("Lessee").	Land and terraced Building measuring 1700 sq.ft. situated at First Floor No. 355, 356, Dharapuram Road, Tirupur.	1700 sq ft	158.10	The monthly rent for the said property shall be ₹8,250/- The interest free advance shall be ₹50,000/-	3 years
Letter for Extension of Rent Agreement dated August 01, 2012 Rental Agreement dated February 15, 2010.	Mr. T. Santhalingam ("Lessor").	M/s. Scotts Garments Limited represented by Mr. Sayed Safiulla ("Lessee").	Door No. D 7, DSK Nagar, Near Valampuri Vinayagar Lovil, 60 Feet Road, Tirupur.	2616 sq.ft.	243.29	The monthly rent for the said property shall be ₹8,500/- and the interest free advance shall be ₹30,000/-	The duration of rent is for 1 year from August 01, 2012 and the agreement can be extended by the mutual consent of the parties.
Rental Agreement date March 24, 2011	P. Muthukumaraswamy	Scotts Garments Limited ("Tena	Godown at, Dhanalakshami Rice Mills Compound, Karaipudhur(po), Arulapuram, palladam	1acre and 50 cents	6077.54 approx	Monthly Rent of ₹20,000/ and an Interest free advance of ₹4,00,000/	3 Years. The agreement can be extended

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
	("Owner")	nt")	Road, Tirpur-5				by the mutual consent of the Owners and Tenant
Rental Agreement dated March 24, 2011	Ansuya Devi ("owner")	Scotts Garments Limited ("Tenant")	Godown at Dhanalakshami Rice Mills Compound, Karaipudhur(po), Arulpuram, palladam Road, Tirpur-5	1acre and 50 cents	6077.54 approx	Monthly Rent of ₹10,000/ and an Interest free advance of ₹1,30,000	3 years. The agreement can be extended by the mutual consent of the Owners and Tenant
Lease Deed dated July 10, 2010	Mr. M. Shanmugasundaram (Party No. 1 or Owner)	Scotts Garments Limited (Party No. 2 or Tenant)	The building rented is facing towards Naranapuram Village, Palladam Main Road, Palladam (po), 436/2A, Door No. 2/785 C, 2/785 B-1	3334 sq m	3334	Rent of ₹1,20,000/- (Effective from July 2010 to June 2011) Rent of ₹1,30,000/- (Effective from July 2011 to June 2012) Rent of ₹1,40,000/- (Effective from July 2012 to June 2013) A sum of ₹18,00,000/ as refundable interest free Advance.	The term of the lease deed is for 3 years from July 10, 2010.
Lease Agreement dated July 03, 2009	P.Moorthis ("Lessor")	Arora Fashion's Limited	Land bearing S.F. No 262, Nallur Village, Tirupur Taluk, Coimbatore District	2.00 acres	8104.57	The Lessee shall pay the rent of ₹22,000/- every month for the	Lease of the land shall be for the

Type of Arrangement	Licensor/ Lessor	Licensee/ Lessee	Property/Premises	Area		Rent/Security Deposit	Period of Agreement
				Original Units	Sq.mt		
		("Lessee")	admeasuring 2 acres.			first year. From 2 nd year onwards the rent shall be increased by 5% every year. Security Deposit: ₹7,50,000	period of 6 years till July 03, 2015.
Lease agreement dated September 03, 2012	B.D.P. Apparels Pvt. Ltd. (Lessor)	Scotts Garments Limited (Lessee)	Factory at Sy No.7/1, Gummanahalli Road, Byadgi	8797.50 meters	8797.50 meters	The Lessee shall pay factory rent of Rs.1,25,000 per month + Taxes from commencement date upto 30/09/2013 and subsequently Rs.1,50,000/- per month + applicable taxes till 30/09/2015 The Lessee shall also pay Rs.1,50,000 per month + applicable taxes towards machineries taken on rent Security Deposit Rs.30,00,000/-	Period of Lease from 01/10/2012 to 30/09/2015

Manufacturing Process

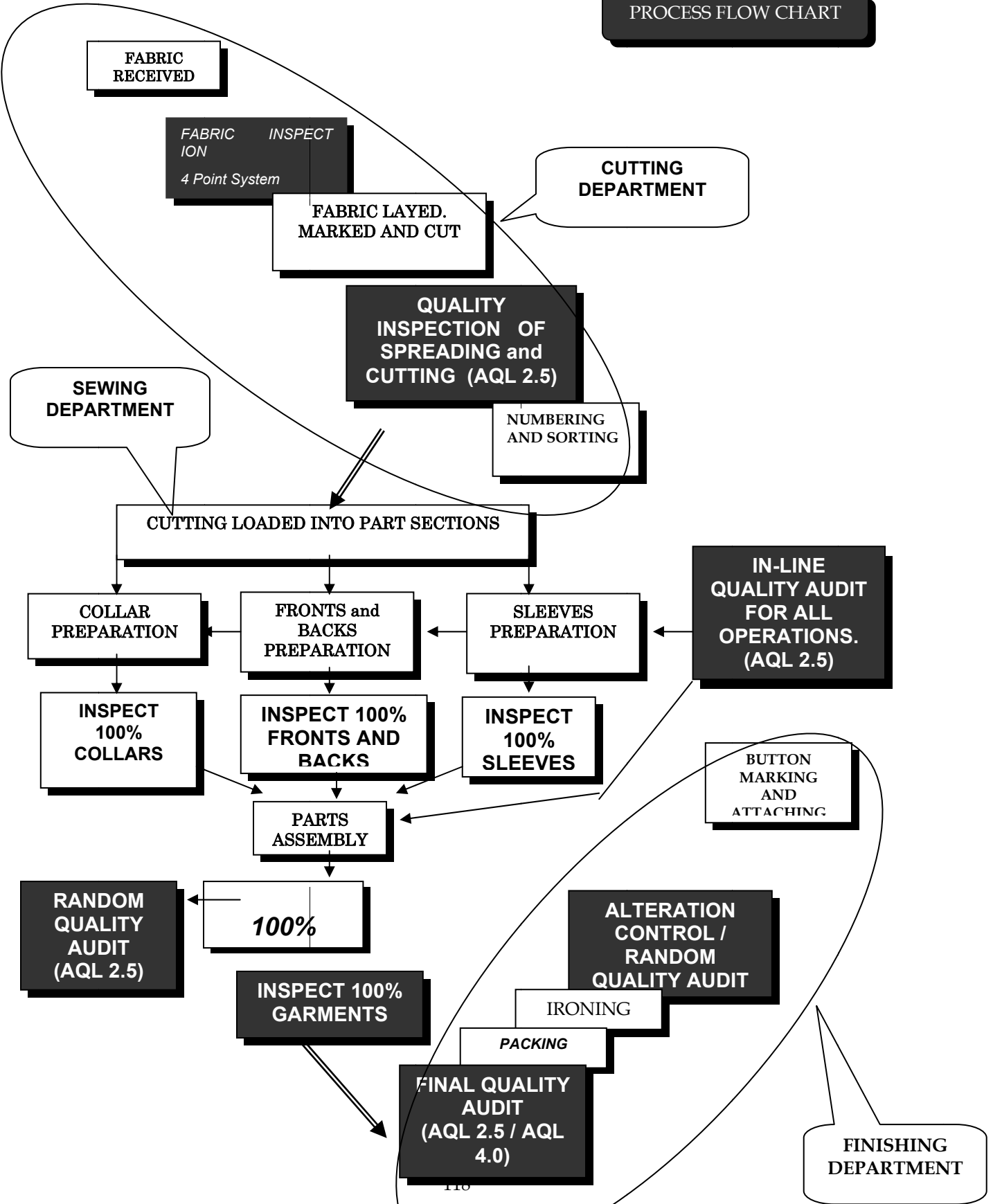
Our manufacturing facilities receive orders directly from our customers. On receipt of the production order, a production plan is adopted to coordinate the manufacturing process and to ensure adherence to delivery schedules. We place orders for our raw material requirements, which comprise of finished fabric (made of natural fibers, such as cotton,), accessories and trims, such as fasteners, buttons, labels, and other consumables. We purchase the finished fabric and other raw materials from a variety of suppliers, some of which are designated by our customers. On receipt of the fabric and raw materials, our quality assurance team conducts a pre-production inspection. Following the approval of the quality assurance team, our manufacturing facility commences production, which involves cutting, sewing, finishing, washing and



ironing. Each stage of production is monitored by our quality assurance team to ensure conformity with our strict quality, cost and delivery requirements. Cutting of the fabric requires a high level of precision. To ensure minimum wastage, automated cutting tools are used for pattern grading and marker making. We have also installed computerized design systems in some of our manufacturing facilities to improve lead times and productivity. Quality initiatives in the cutting room include pre-cut fabric checking and 100% panel ticketing and checking. The stitching process takes place in an assembly line, which comprises of different stitching machines, each for a specific purpose. Our manufacturing facilities are also equipped with embroidery machines for the high-end apparel orders. We also have in house printing and dyeing facilities for both woven and knitted garments. We perform a range of finishing processes on our garments using specialized equipment including thread checking, ironing, steam pressing, collar pressing, accessories attachment and folding prior to packaging and delivery to customers.

Steps Involved in Garment Manufacturing

PROCESS FLOW CHART



Procurement of fabric

We procure fabric based on the order, design and type of garment to be manufactured. We have a team of skilled professionals who makes this assessment before purchasing the raw material from the suppliers. Presently, we source majority of the fabric required from fabric weaving plants located in and around Tamil Nadu and Maharashtra and remaining fabric is imported from Indonesia and China.

Pattern Making and Grading

We utilize pattern making software for creating the patterns according to the various sizes as per order details. These patterns and the marker plan are sent to the cutting department for cutting the fabric.

Fabric Laying and Cutting

The fabric procured from the source of supply by the merchandiser is sent to the factory Manager for stitching. The fabric is first inspected for any fabric defects on the inspection table. The fabric rolls are then spread on the cutting table manually or by the automatic spreading machine. The patterns cut on the pattern making machine are then placed on the spread fabric layers according to the marker plan. The fabric layers are then cut according to the marker plan with the straight knife cutting machine. The band knife is used for cutting the smaller parts. The cut fabric is then bundled according to the sizes and sent for stitching.

Sewing

In the sewing section the machines are set according to the machine layout and operation bulletin. The bundles of the fabrics from cutting section are fed in the stitching lines for sewing where each machine is handled by a sewing operator. The fabric is stitched as initial assembly and then the final assembly. There are in-line checkers and line supervisors in the stitching department. The completely stitched fabric is then sent for thread cutting and end-line checking and finally sent in the finishing department.

Finishing

In the finishing department, garments from the sewing are pressed by the steam irons and then these are sent for the final checking. In the finishing department the other tasks such as inserting Hang Tag, Price labels, and Hangers insertion are carried out. Then the garments are packed in the polythene bags and are packed in the cartons according to the sets of sizes.

Inspection

The final inspection and quality audits are carried out in the finishing section. In the final inspection is done by final checkers and Quality Audit is done by the Quality Controller (Q.C.). The rejected pieces are then sent back to the stitching for alteration.

Packing

The garments are to be packed according to the ratio of the given sizes. The garments are packed in the polythene bags and are packed in the cartons according to the sets of sizes.

Quality Certification

We have obtained certain quality certificates, detailed hereunder:

Certificate	Certificate No.	Registration No.	Issue Date of Certificate	Issuing body	Description
			Validity of Certificate		
Textile Certification – Organic Exchange 100 Standard (OE 100)	CU808682OE100-01.2013	CU 808682	30/01/2013	Control Union Certifications	Certificate of Compliance for Organic Exchange 100 Standard (OE 100) Version 1.3
			28/12/2013		
Textile Certification Global Organic Textile Standard (GOTS-IN)	CU808682GOTS-01.2013	CU 808682	02/02/2013	Control Union Certifications	“Global Organic Textile Standard – GOTS” standards for the processing of fibres from certified organic agriculture version 3.0 March 2011
			28/12/2013		

Quality Control Process (QC):

We have separate quality control department with uniform procedure across all our factory units to achieve the superior quality of product. The QC process ensures that the required quality is achieved at each stage of manufacturing from fabric inspection to finished garments. The procedure on quality check can be briefly explained below:

Fabric & Trims Inspection:

The fabrics received are checked by using the fabric checking machine or Table. Any defects in the fabric are immediately displayed under standard procedure as “Acceptable” and “Not Acceptable”. In case the fabric rolls / bales gets rejected due to defects, shade variation or shrinkage variation more than allowed limits it is stored in the specified rack marked as “Rejected Items”.

‘Goods Inspection Note’ is raised for the passed items. The fabric is then stored with the proper Identification Tag containing P.O No., date of receipt, Delivery Note No., Quantity Received, Type of Fabric and Supplier details.

The Trims items are checked for quantity whether it is as per the order, visual check for shade, colour, Type, Style etc as per the specification sheet. The ‘Trim Card’ is made on sets which is approved by Marketing Staff and the same is issued to user section. If there are variations with specification, appropriate action will be taken immediately.

Quality Control in Sewing Line:

There is In-Line checking of all the operations by Random Sampling method and additional care is taken for the critical operations. There are two charts done namely "Attribute Control Charts" for visual defects and "Variable Control Charts" for measurements. These charts are closely monitored at regular intervals and necessary correction action is taken immediately.

Quality Checks on Garments:

All the Garments are checked for the visual defects related to stitching, fabric, trims etc. The rejected garment are rectified immediately or attached with Follow up Card that details, the nature of defect and the remedial action to be taken. Record is maintained for the percentage of garments sent for alteration / rectification and similarly there is separate record for the percentage of garment that underwent spot washing.

The measurement check is done on at least 10% of the garments to ensure that it is as per the measurement chart given by the buyer. Garment sent for alteration/rectification is tracked by a follow-up card and record is maintained for the alteration percentage.

Garment packing is done in accordance with the packing standard duly signed by the merchandiser / buyer representatives. Presentation inspection is conducted before the garments are put into poly bags. Price Tags, Bar Code tags, and other such tags is stored in separate pigeon hole shelf / box with dividers to avoid mix up. The first garment packed is approved by factory manager.

Manpower

Our employee strength as on 30/09/2012 was 12,504. The department wise strength of our company is as under:

BANGALORE UNITS		
Sr. No	Particulars	No. of employees
1.	Administration & Human Resource	80
2.	Accounts & finance	27
3.	IT	12
4.	Logistics	21
5.	Merchandising	39
6.	Design	26
7.	Production	4620
8.	Quality Control	215
9.	Sampling	285
10.	Sewing machine operator & tailor	3774
11.	IED	18
12.	Others	427
	Total	9544

TIRUPUR UNITS		
Sr. No	Particulars	No. of employees
1.	Administration & Human Resource	29
2.	Accounts & Finance	26
3.	IT	6
4.	Logistics	5
5.	Merchandising	44
6.	Design	10
7.	Production	1957

TIRUPUR UNITS		
Sr. No	Particulars	No. of employees
8.	Quality Control	92
9.	Sampling	10
10.	Sewing machine operator & tailor	580
11.	IED	15
12.	Others	186
	Total	2960

We propose to add the following staff after expansion and shall take the necessary steps for recruitment of additional manpower.

Sr. no	Category	No. of employees
1.	Labour	3,352
2.	Factory Supervisor and Technical Staff	179
3.	Administrative Staff	26
	Total	3,557

Recruitment strategy, training programs & retention strategy

We have a professional set-up and a competent human resources division. We have a policy to felicitate our workers for their dedication and commitment towards the work. We constantly attempt to devise employee-friendly policies to retain key management personnel and motivate our workforce.

SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> Talent pool and design capabilities Availability of relatively inexpensive and skilled work force Repeat orders from the customers on regular basis Total solutions to Customers both woven and knits garments 	<ul style="list-style-type: none"> Dependency on economic growth Lack of presence in entire textile value chain Lack of Domestic presence Labour intensive industry
Opportunities	Threats
<ul style="list-style-type: none"> Thrust by the government to promote textile sector as it is one of the largest employment generator for the economy. Potential to add capacity in the existing facility. Increased disposable income in the hands of consumer 	<ul style="list-style-type: none"> Industry is prone to change in government policies, any material changes in the duty may adversely impact our financials. The raw material prices are prone to price fluctuations which may adversely impact our profitability and financials. Competition from large as well as small organized sector.

INSURANCE

The company has adequately insured its plant and machinery at the various locations against fire, burglary etc.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the central / state governments that are applicable to our Company in India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

The Companies Act, 1956

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

Regulation of Foreign Investment in India

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations promulgated there under. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI. Further, FIIs may purchase shares and convertible debentures of an Indian company under the portfolio investment scheme through registered brokers on recognized stock exchanges in India. Regulation 1 (4) of Schedule II of the FEMA Regulations provides that the total holding by each FII or SEBI approved sub-account of an FII shall not exceed 10% of the total paid-up equity capital of an Indian company or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs and sub accounts of FIIs added together shall not exceed 24% of the paid-up equity capital or paid-up value of each series of convertible debentures. However, this limit of 24% may be increased up to the statutory ceiling as applicable, by the Indian company concerned passing a resolution by its board of directors followed by the passing of a special resolution to the same effect by its shareholders.

Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 was enacted as a general legislation to safeguard the environment from all sources of pollution by enabling coordination of the activities of the various regulatory agencies concerned, to enable creation of an authority with powers for environmental protection, regulation of discharge of environmental pollutants etc. The purpose of the Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws, such as Water Act & Air Act. It includes water, air and land and the inter-relationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

Consent for operation of the plant under the Air (Prevention and Control of Pollution) Act 1981 (“Air Act”)

The Air (Prevention and Control of Pollution) Act 1981 has been enacted to provide for the prevention, control and abatement of air pollution. The statute was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding Pollution Control Boards in the state.

Consent for operation of the plant under the Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)

The Water Act was enacted in 1974 in order to provide for the prevention and control of water pollution by factories and manufacturing industries and for maintaining or restoring the wholesomeness of water. In respect to an Industrial Undertaking it applies to the (i) Occupier (the owner and management of the undertaking) (ii) Outlet (iii) Pollution and (iv) Trade effluents. The Act requires that approvals be obtained from the corresponding Pollution Control Boards in the state.

Water (Prevention and Control of Pollution) Cess Act, 1977

The Water Cess Act is a legislation providing for the levy and collection of a cess on local authorities and industries based on the consumption of water by such local authorities and industries so as to enable implementation of the Water Act by the regulatory agencies concerned.

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A ‘mark’ may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

Copyright Act, 1957

The Copyright Act, 1957 came into effect from January 1958. Copyright is an exclusive right. The statutory definition of Copyright is the exclusive right to do or authorizes others to do certain acts in relation to Literary, dramatic or musical works, Artistic work Cinematograph film; and Sound recording. The purpose of recognizing & protecting the copyright of an author is to statutorily protect his work & inspire him to exercise his creative faculties. Copyright is granted for a specific period of time. Whether an act is an infringement or not would depend on the fact whether copyright is subsisting in the work or not. In case the copyright has expired, the work falls in the public domain & any act of reproduction of the work by any person other than then the author would not amount to infringement.

Income-tax Act, 1961

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

Service Tax

Chapter V of the Finance Act 1994 (as amended), and Chapter V-A of the Finance Act 2003 requires that where provision of certain listed services, whole taxable services exceeds ₹ 400,000, a service tax with respect to the same must be paid. Every person who is liable to pay service tax must register himself for the same

Central Sales Tax Act (CST)

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on inter state sales and states the principles and restrictions as per the powers conferred by Constitution.

Electricity Act, 2003

The Electricity Act, 2003 has been recently introduced with a view to rationalize electricity tariff, and to bring about transparent policies in the sector. The Act provides for private sector participation in generation, transmission and distribution of electricity, and provides for the corporatization of the state electricity boards. The related Electricity Regulatory Commissions Act, 1998 has been enacted with a view to confer on these statutory Commissions the responsibility of regulating this sector.

Value Added Tax ("VAT")

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

Approvals from Local Authorities

Setting up of a Factory or Manufacturing/Housing unit entails the requisite Planning approvals to be obtained from the relevant Local Panchayat(s) outside the city limits and appropriate Metropolitan Development Authority within the city limits. Consents from the state Pollution Control Board(s), the relevant state Electricity Board(s), the State Excise Authorities, Sales Tax, are required to be obtained before commencing the building of a factory or the start of manufacturing operations.

Industrial (Development and Regulation) Act, 1955

The Industrial (Development and Regulation) Act, 1951 has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defence equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is

exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum (“IEM”) with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

Foreign Trade (Development and Regulation) Act, 1992

This statute seeks to increase foreign trade by regulating the imports and exports to and from India. This legislation read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

The Factories Act, 1948

The Factories Act, 1948 is a social legislation which has been enacted to regulate the occupational safety, health and welfare of workers at work places. This legislation is being enforced by the Government through officers appointed under the Act i.e. Inspectors of Factories, Deputy Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of operation of this Act includes the approval of Factory Building Plans before construction/extension, investigation of complaints with regard to health, safety, welfare and working conditions of the workers employed in a factory, the maintenance of registers and the submission of yearly and half-yearly returns.

Payment of Wages Act, 1936 (“Wages Act”)

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than ₹ 10,000/-. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

The Minimum Wages Act, 1948 (“Minimum Wages Act”)

Minimum Wages Act was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains list of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

The Act is applicable to factories employing more than 20 employees and may also apply to such establishments and industrial undertakings as notified by the Government from time to time. All the establishments under the Act are required to be registered with the Provident Fund Commissioners of the State. Also, in accordance with the provisions of the Act the employers are required to contribute to the Employees’ Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the

employees. A monthly return in Form 12 A is required to be submitted to the commissioner in addition to the maintenance of registers by the employers.

Payment of Gratuity Act, 1972

A terminal lump sum benefit paid to a worker when he or she leaves employment after having worked for the employer for a prescribed minimum number of years is referred to as "gratuity". The provisions of the Act are applicable to all the factories. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment a notice in Form B has to be filed with the authority. The Employer is also required to display an abstract of the Act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under Payment of Gratuity Act 1972, with Life Insurance Corporation or any other approved insurance fund.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable to every establishment employing 20 or more employees. The said Act provides for payment of the minimum bonus to the employees specified under the Act. It further requires the maintenance of certain books and registers such as the register showing computation of the allocable surplus; the register showing the set on & set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also require for the submission of Annual Return in the prescribed form (FORM D) to be submitted by the employer within 30 days of payment of the bonus to the Inspector appointed under the Act.

Contract Labour (Regulation and Abolition) Act, 1970

The purpose of Contract Labour (Regulation and Abolition) Act 1970, is to regulate the employment and protect the interests of the workers who are hired on the basis of individual contracts in certain establishments. In the event that any activity is outsourced, and is carried out by labourers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund etc.

Employment (Standing Orders) Act, 1950

The Industrial Employment (standing orders) Act requires employers in industrial establishments to formally define conditions of employment under them. It applies to every industrial establishment wherein 100 (reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. The Act calls for the submission of such conditions of work to the relevant authorities for their approval.

The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides that no discrimination shall be shown on the basis of sex for performing similar works and that equal remuneration shall be paid to both men and women when the same work is being done.

Employees State Insurance Act, 1948

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

The Maternity Benefit Act, 1961 ("Maternity Act")

The purpose of Maternity Act 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter-alia for payment of maternity benefits, medical bonus and enacts prohibition on dismissal, reduction of wages paid to pregnant women etc.

Registrations under the applicable Shops & Commercial Establishments Acts of the respective States in which our Company has an established place of business/ office ("Shops Act")

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

HISTORY AND OTHER CORPORATE MATTERS

We were formed on 01/12/1992 under Indian Partnership Act, 1932 as a Scotts Garments, with Mr. Naseer Ahmed, Mrs. Refath Jehan Begum and Mr. Saifulla Sayed as the partners. In January, 2002 Mr. Saifulla Sayed resigned from the partnership firm and the other partners continued the partnership firm. The partners of the firm decided that for furtherance of business the constitution should be a Private Limited Company and accordingly incorporated Scotts Garments Pvt. Ltd. On 01/03/2002 with the main object to acquire the business of partnership firm and continue the partnership business of manufacturer and exporter. A takeover agreement was executed between Scotts Garments and Scotts Garments Private Limited on 01/03/2002 pursuant to which the partnership deed was dissolved with effect from 05/04/2002. Subsequently, we commenced our business activity with the manufacturing and export of Ready Made Garments.

With a view to consolidate business, Scotts Clothing Private Limited, a company incorporated on 12/04/2004, in the business of manufacture of knitted garments, was amalgamated with our company, with effect from 01/04/2006. Our Company was converted to a limited company on 19/06/2007. To further strengthen the business, Arora Fashions Ltd, a company incorporated on 01/01/1991, into Ready Made Garments having manufacturing facilities at Tirupur, became a wholly owned subsidiary as on 01/02/2008 and subsequently was amalgamated with SGL pursuant to the approval of Honourable High Court of Karnataka vide its order dated 6th February, 2010.

Major events in the History of the Company:

Year	Event
1992	Scotts Garments incorporated as a partnership firm on 1 st December, 1992, with Naseer Ahmed, Refath Jehan Begum and Saifulla Sayed as partners.
1994	Commencement of business in partnership concern.
2002	Incorporation of Scotts Garments Private Limited for continuing the business of the partnership firm.
2004	Allotment of the land at 481 A, Peenya, by KIADB.
2004	Incorporation of Scotts Clothing Private Limited in April 2004, to commence the manufacturing facility for knitted garments at Tirupur.
2004	Acquired 99.80% stake in Pedigree Construction Private Limited by virtue of which it became subsidiary of the Company.
2006	- Commenced commercial operations from the new facility constructed on plot 481 A, Peenya, Bangalore. - Application made to Hon'ble High Court for the merger of Scotts Clothing Private Limited with Scotts Garments Private Limited. - Cessation of Pedigree Construction Private Limited as subsidiary
2007	- Sanction of the Hon'ble High Court of Karnataka approving the merger of Scotts Clothing Private Limited with Scotts Garments Private Limited. - Conversion of the company to a limited company.
2008	- Acquisition of Arora Fashions Ltd, a Company having its registered office at Mumbai and into manufacturing of knitted Ready Made Garments. - Filing of scheme of amalgamation at Hon'ble High Court of Bombay and Hon'ble High Court of Karnataka, Bangalore
2009	- Sanction by Hon'ble High Court of Bombay approving the scheme of amalgamation between Arora Fashions Ltd with Scotts Garments Ltd.
2010	- Sanction by Hon'ble High Court of Karnataka approving scheme of amalgamation between Arora Fashions Ltd with Scotts Garments Ltd.

Year	Event
2010	- Signed a tripartite MOU between Our Company, Bombay Rayon Fashions Limited and the Government of Karnataka.
2011	- Hon'ble Tamil Nadu High Court order leading to temporary suspension of a printing & dyeing unit at Tirupur - Commencement of construction of factory unit at Doddaballapur - Recommencement of the printing & dyeing unit which was suspended - Expansion of production facilities at Kolar by setting up new units
2012	- Entered into Share Subscription Agreement with Kagal Industrial Textile Technology Park (P) Ltd for allotment of land for setting up knitting and fabric processing unit at Kagal in Kolhapur, Maharashtra - Setting up of additional garment manufacturing unit at Bagepally, Karnataka - CARE assigns 'BBB' rating to long term bank facilities amounting to ₹ 229.70 crores and 'A3+' rating to short term bank facilities amounting to ₹ 227.40 crores. - Canara Bank Venture Capital Fund in its status and as Trustee and Investment Manager of Emerging India Growth Fund invested ₹ 20 crores under Pre-IPO placement

Main Objects of the Company:

1. To acquire the existing partnership business of "SCOTT'S GARMENTS", a partnership firm carrying on the business of manufacture and export of Ready Made Garments, with its goodwill, all running contracts, licenses, permits, all its assets and liabilities.
2. To carry on the business of manufacturers, importers and exporters, wholesale and retail dealers of and in mens, womens and childrens clothing and wearing apparel of every kind, nature and description including shirts, bush-shirts, pyjama suits, vests, underwears, suits, foundation garments for ladies dresses, brasseries, maternity belts, knee caps, coats, panties, nighties and so on.
3. To carry on the business of manufacturers, importers and exporters, wholesale and retail dealers of and in hosiery goods of every kind, nature and description for men, women and children including vests, underwear, socks, stockings, sweaters, laces and so on and of all or anything which is used in hosiery goods.
4. To carry on all or any of the business of dealers and manufacturers of all kinds of carpets, durries, mats, rugs, namdas, blankets, shawls, tweeds, linens, flannels and all other articles of woolen and worsted materials and of all articles similar to the foregoing or any of them or connected therewith.
5. To carry on the business of manufacturers, importers and exporters, wholesale and retail dealers of leather goods of every kind.

Changes in Registered Office of the Company

There has been no change in the registered office of our Company.

Changes in the Memorandum of Association

Date of shareholders' approval	Type of change/ Reasons for change
31/03/03	Increase in the authorized share capital to ₹100 lakhs consisting of 1,000,000 equity shares of ₹10 each.
03/10/05	Increase in the authorized share capital to ₹200 lakhs consisting of 2,000,000 equity shares of ₹10 each.
27/03/06	Increase in the authorized share capital to ₹2000 lakhs consisting of 20,000,000 equity shares of ₹10 each.

Date of shareholders' approval	Type of change/ Reasons for change
18/05/07	Adoption of new set of Articles of Association for conversion to a Public Limited Company.
01/09/07	Increase in the authorized share capital to ₹ 4000 lakhs consisting of 40,000,000 equity shares of ₹10 each.
19/06/2007	Conversion into Public Limited
Scheme of Amalgamation	Increase in the authorized share capital to ₹ 4400 lakhs consisting of 4,40,00,000 equity shares of ₹10 each pursuant to scheme of amalgamation between Scotts Garments Ltd. and Arora Fashions Ltd. approved by Hon'ble High Court of Bombay and Hon'ble High Court of Karnataka at Bangalore

Details of Scheme of Amalgamation

1.) Amalgamation of M/s. Scotts Clothing Private Limited with the Company

The Company filed a Company Petition No. 130 of 2006 and M/s. Scotts Clothing Private Limited filed a Company Petition No. 131 of 2006 in the High Court of Karnataka under sections 391 to 394 of the Act. The fair value for the exchange ratio under the scheme was arrived at based on the valuation report prepared by M/s. Siddiah & Ram, Chartered Accountants. Based on the valuation the swap ratio of "Six Equity Shares of ₹10/- each fully paid up of Scotts Garments Private Limited for every one equity share of the face value of ₹100/- each fully paid up held in Scotts Clothing Private Limited" was fixed. The Scheme of Amalgamation was sanctioned by the High Court of Karnataka whereunder the business of the M/s. Scotts Clothing Private Limited was transferred to the Company with effect from April 1, 2006 and accordingly, 6,00,000 equity shares of ₹10/- each of Scotts Garments Private Limited were allotted to the members of the Scotts Clothing Private Limited against the paid up share capital of ₹1,00,00,000/- of ₹100 each per equity share. The amalgamation of Scotts clothing Private Limited with Scotts Garments Ltd., has led to increased production facilities, improved turnover and overall reduction in the operating cost apart from tax benefits.

Features of the Scheme of Arrangement

Under the Scheme the Undertaking of the Transferor Company is transferred to the Transferee Company.

Undertaking under the scheme is defined to mean and include all the assets of the Transferor Company on April 1, 2006 ("**Appointed Date**") and all secured and unsecured debts (whether in Rupees or in foreign currency), all liabilities, duties and obligations of the Transferor Company along with any charge, encumbrance, lien and security thereon as on the Appointed Date and without prejudiced to the above general clause undertaking of the Transferor Company shall include all preliminary and pre-operative expenses, assets, investments, claims, powers, authorities, allotments, approvals, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights and other intangible rights, hire-purchase contracts and assets, lending contracts, benefit of any security arrangements, reversions

The Salient features of the Scheme are as follows:

- (i) The Scheme is operative from the appointed date i.e. April 1, 2006.
- (ii) The Scheme shall come into effect from the effective date i.e. the last of dates on which sanctions/approvals or orders etc have been obtained and the date on which all necessary certified copies of the order under section 391 and 394 are duly filed with ROC Karnataka, Bangalore.
- (iii) The undertaking of the Transferor Company shall without any further act, instrument or deed stand transferred to and/or vested in or deemed to have been and stand transferred to or vested in the

Transferred Company as a going concern so as to become as and from the Appointed Date, the estate, rights, titles and interests and authorities of the Transferee Company pursuant to the provisions of the section 394 and other applicable provisions of the Act.

The transfer and/or vesting shall be subject to the existing charges, hypothecation and mortgages, if any, over or in respect of all the aforesaid assets or any part thereof of the Transferor Company. Provided however, that any reference on any security documents or arrangements to which the Transferor Company is a party to the assets offered or agreed to be offered as security to financial services or obligations shall be construed as reference only to the assets pertaining to the assets of the Transferor Company as are vested in the Transferee Company.

2.) Amalgamation of M/s. Arora Fashions Limited with the Company

Petition before High Court of Bombay

Arora Fashions Limited (AFL) having its registered office at #214, Regal Industrial Estate, A.D. Marg, Sewree, Mumbai - 400 015, was incorporated on 01/01/1991 as private limited company under the Companies Act, 1956 and subsequently converted to a limited company on 10/04/1997. The Company acquired 100% stake in AFL on 01/02/2008 through a negotiated deal with the promoters of AFL for a total consideration of ₹5411.00 lacs. Subsequently, the Company filed a Company Application No. 942 of 2009 in the High Court of Bombay under sections 391 to 394 of the Act. The Scheme of Amalgamation was sanctioned by the High Court of Bombay and High Court of Karnataka by order dated December 18, 2009 and February 6, 2010 respectively. The said order stated that the shares of M/s. Arora Fashions Limited stood cancelled and that no shares of the Company shall be allotted to the shareholders of M/s. Arora Fashions Limited since the Company is a 100% holding company of the M/s. Arora Fashions Limited. The effective date of amalgamation is 02/02/2008 as per the scheme of amalgamation sanctioned. As per the scheme the difference between the net identifiable assets of Arora Fashions Limited and the cost of investment on takeover has been accounted as Goodwill in the books of accounts of SGL in terms of the Accounting Standard no. 14 of "Accounting for Amalgamation" issued by The Institute of Chartered Accountants of India. As per the accounting standard, Goodwill amount shall be amortized and written off over a period of five years. The amalgamation of Arora Fashions Limited with Scotts Garments Limited led to increased number of manufacturing units of SGL at Tirupur thereby leading to increase in turnover of the Company alongwith reduction in operating cost.

Features of the Scheme of Arrangement

Under the Scheme the Undertaking of the Transferor Company is transferred to the Transferee Company.

Undertaking under the scheme is defined to mean and include all the assets of the Transferor Company as on Appointed Date i.e. 02/02/2008 (as defined in the Scheme of Arrangement) and all secured and unsecured debts (whether in Rupees or in foreign currency), all liabilities, duties and obligations of the Transferor Company along with any charge, encumbrance, lien and security thereon as on the Appointed Date and without prejudiced to the above general clause undertaking of the Transferor Company shall include all preliminary and pre-operative expenses, assets, investments, claims, powers, authorities, allotments, approvals, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights and other intangible rights, hire-purchase contracts and assets, lending contracts, benefit of any security arrangements, reversions.

The salient features of the scheme are as follows;

1. The Scheme is operative from the Effective Date (as define in the Scheme);
2. The Undertaking of the Transferor Company shall, without any further act, instrument or deed, be and shall stand transferred to and/ or vested in or deemed to have been and stand transferred to or vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the estate, rights, titles and interests and authorities of the Transferee Company to the provisions of Section 394 and other applicable provisions of the Act;
3. The transfer and/or vesting as aforesaid shall be subject to the existing charges, hypothecation and mortgages, if any, over or in respect of all the aforesaid assets;
4. The assets of movable nature will be transferred by the Transferor Company, and shall become the property of the Transferee Company in pursuance of the provisions of Section 394 and other applicable provisions of the said Act;
5. With effect from the Appointed Date, and subject to the provisions of this scheme all the Employees of the Transferor Company shall also be and shall stand transferred without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Act, so as to become as and from the Appointed Date, the employees of the Transferee Company and further that it shall not be necessary to obtain consent of any third party or other person in order to give effect to this provision;
6. Subject to all the provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefits of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the effective Date, shall be in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectively as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto;
7. Upon coming into effect of this scheme all suits, claims, actions and proceedings by or against the Transferor Company pending/or arising on or before the Effective date shall be continued and be enforced by or against the Transferee Company as if the same had been pending and/or arising by or against the Transferee Company;
8. The entire equity share capital of Arora Fashions Limited is held by Scotts Garments Limited, on merger of Arora Fashions Limited into Scotts Garments, all these shares shall stand cancelled and no allotment of shares shall be made against shares held in Arora Fashions Limited;

The Transferor Company shall be dissolved without winding up on an order made by the High Court of Bangalore and the High Court at Bombay under Section 394 of the Companies Act.

Subsidiaries of the Issuer Company

We have no subsidiary Company, as on date.

Other Agreements

We have entered into contracts/agreements/MoU in the ordinary course of the business carried on or intended to be carried on by SGL. We have also entered into Share Subscription Agreement (SSA) dated 18/01/2012 with Kagal Industrial Technology Textile Park Pvt. Ltd. (KITTP) for allotment of land pursuant to investment in KITTP. Except these arrangements we have not entered into any other agreement/contract./MoU:

MOU between our Company, BRFL and Government of Karnataka

The Government of Karnataka had organized a Global Investors Meet on 3rd and 4th June, 2010 in Bangalore for attracting investments into the State. The Company and BRFL had made a joint proposal for

setting up textile units to Karnataka Udyog Mitra (KUM), a government undertaking incorporated to facilitate investment and assist investors in the state. The Company and BRFL had identified 12 locations at Doddaballapur (two locations), Kolar, KGF Apparel Park, Gowribidanur, Chikkaballapura, Chitradurga, Shimoga, Modhol, Siddlaghatta and Srinivasapura for setting up textile units in Karnataka. The proposal was approved at the 22nd State High Level Clearance Committee (SHLCC) held on 24/05/2010. A tripartite Memorandum of Understanding was executed between our Company, Bombay Rayon Fashions Limited and Government of Karnataka at Global Investors Meet on 3rd/4th of June, 2010. The Company shall utilize part of the net issue proceeds towards the proposed project at Doddaballapur which is also one of the locations forming part of the tripartite MOU. The Company and BRFL have mutually agreed on setting up independent projects at five and seven locations respectively of the said twelve locations as approved by the Government and there shall be no investment by SGL in the units to be set up by BRFL. The project location at Doddaballapur forms part of MOU and the other locations where Company has proposed to set up units are Hassan, Kolar, KGF Apparel Park and Sidlaghatta.

The details of the MOU are as under:

1. A MoU was signed during this meet between our Company & Bombay Rayon Fashions Limited and the Government of Karnataka to achieve the following objectives:
 - a) Our Company & Bombay Rayon Fashions Limited to setup Readymade Garments for exports at Kolar, KGF, Doddaballapura, Gowribidanur, Chikkaballapura, Chitradurga, Shimoga with an investment of ₹ 682.67 Crores generating employment to about 50,000;
 - b) The Govt. of Karnataka to provide the requisite support for implementation of the above project.
2. The scope of the MoU will be as follows:
 - I. Our Company & Bombay Rayon Fashions Limited
 - a) will endeavour to commence operations as per the implementation and investment plan of the company;
 - b) agrees to provide employment to local people as per the Karnataka Industrial Policy 2009-14;
 - c) agrees to promote local vendors for procurement of components and raw materials wherever possible
 - II. Government of Karnataka
 - a) will endeavour to provide to Our Company & Bombay Rayon Fashions Limited the required infrastructure facilities such as land, water and power on completion of the formalities;
 - b) will endeavour to provide on priority the necessary clearances and approvals to Our Company & Bombay Rayon Fashions Limited in accordance with the applicable rules and regulations;
 - c) will assist Our Company & Bombay Rayon Fashions Limited in getting the approvals/clearances, if needed, from the Central Government or its agencies.
 - d) Both parties will interact periodically to review the progress and pending issues during the implementation of the project.

Subsequently, vide letter no. IADB/HO/Secy/1831/2010-11 dated 11/10/2010, KIADB had notified the details of the land available for allotment at the locations of Doddaballapur (two locations), Hassan, Kolar, KGF Apparel Park, Gowribidanur, Chikkaballapura, Chitradurga, Shimoga, Modhol, Siddlaghatta and Srinivasapura.

The exact locations of the site at the above mentioned places except for Doddaballapur and Kolar have not been specified in the MOU. The site location for Doddaballapur is D-3, D-4, A-3, A-10, A-11, S-43, S-44 and S-45 (P), Apparel Park Industrial Area, Phase I and for Kolar is Sy.no 60, 30/1, 32/1, 21, 22 & 71 Sultan Thippansandra Village, Kasaba Hobli.

Share Subscription Agreement with Kagal Industrial Textiles Technology Park (P) Ltd.

Our Company (Subscriber) has entered into a Share Subscription Agreement (SSA) with Kagal Industrial Textiles Technology Park (P) Ltd. (KITTP) vide agreement dated 18/01/2012. KITTP is a Company engaged in development and implementation of the Textile Park with Infrastructure and Administrative Facilities. The Textile Park is aimed at providing the Plot or Plot along with Work Shed and other Infrastructure and Administrative Facilities therein for setting up textile manufacturing units on leave and license basis to entities engaged in activities relating to textile manufacturing etc.

Important Terms and Conditions of the SSA

- KITTP shall allot 50,00,000 Equity Shares of the face value of ₹10/-at a price mutually agreed between KITTP and our Company
- Pursuant to the issuance of Shares to the Subscriber, KITTP shall allot to the Subscriber the Plot or Plot along with Work Shed in the Textile Park upon the terms and conditions contained in the Leave and License Agreement to be entered into between the Subscriber and the Company, wherein the Subscriber shall have license to use of the Plot or Plot along with Work Shed and the Infrastructure and Administrative Facilities in the Textile Park and shall be bound to pay all Fees as may be levied by the Company from time to time in relation thereto
- KITTP shall develop the Project and enter into a Leave and License Agreement with the Subscriber. The Company reserves the absolute right to impose such conditions as may be necessary from time to time for use of the Plot or the Work Shed without prejudice to and affecting the business interests of the Subscriber
- KITTP shall be free to raise finance for developing the Plot or Plot along with Work Shed and for providing Infrastructure and Administrative Facilities.
- Subscriber shall be entitled to use the Plot or Plot along with Work Shed together with Infrastructure and Administrative Facilities demised pursuant to the Leave and License Agreement for the purpose of setting up of weaving and master weaving units or textile related activity
- Subscriber shall start commercial production in the unit within 6 months of demise of the Plot or Plot along with Work Shed on a leave and license basis or within such time as may be permitted by the Company at its sole discretion in writing. In case of delay in commencing commercial production, the Subscriber shall be liable for cancellation of the allotment of the Plot and/or Work Shed and the Company shall have the right to allot/transfer the shares allotted to the Subscriber to any other Person, who is agreeable to abide by the terms and conditions of this agreement and the Leave and License Agreement
- Subscriber as a shareholder in KITTP and as a licensee of the Plot or Plot along with Work Shed in the Textile Park hereby undertakes to pay to the credit of the Trust and Retention Account opened by the KITTP the Fees as detailed in Leave and License Agreement, which comprises the following charges in proportion to the area occupied in the Textile Park viz
 - fixed monthly infrastructure charges apportioned on the basis of demised premises
 - variable monthly charges such as consumption of utilities such as water, power, etc.
 - other variable expenses
- Upon termination of the Leave and License Agreement on account of a breach committed by the Subscriber or upon expiry of the Leave and License Agreement as set forth therein:

- (a) possession of the demised premises including the Plot or Plot along with Work Shed shall be taken over by KITTP; and
- (b) the Subscriber shall transfer its Shares in KITTP to any Person identified by KITTP for such consideration as may be decided at the sole and absolute discretion of the Company.
- The Subscriber may, with the prior approval of KITTP, terminate this Agreement and vacate the demised premises including the Plot or Plot and the Work Shed, which shall have been given on, leave and license basis. KITTP may grant such approval subject to such terms and conditions, as may deem appropriate. As a part of such approval, KITTP may require the Subscriber to transfer the Shares held by it to any Person at such consideration as may be decided by KITTP at its sole discretion.

Share Subscription cum Shareholders Agreement (SSA) dated 19/12/2012 between Canbank Venture Capital Fund Limited (CVCFL) and Scotts Garments Limited (the Company) and Mr. Naseer Ahmed (the Promoter of Scotts Garments Limited)

Canbank Venture Capital Fund Limited (CVCFL), our Company and the Promoter of our Company i.e. Mr. Naseer Ahmed have entered into Share Subscription cum Shareholders Agreement (SSA) dated 19/12/2012 in relation to the Pre-IPO Placement. In terms of this agreement our Company has issued and allotted 17,39,130 equity shares of face value ₹10/- each at an issue price of ₹115/- per equity share including premium of ₹105/- per equity share aggregating to ₹19,99,99,950/-. Some of the important terms of the agreement are reproduced below:

1. During the Term of this Agreement, the Company undertakes to use the Subscription Amount solely for the purposes approved by CVCFL in writing, including *inter alia* towards meeting the costs of the Project. It is hereby clarified that the Company has represented to CVCFL that it shall not utilize the Subscription Amount for any other purpose. The Company further undertakes to utilize the subscription amount exclusively towards implementation of the Project.
2. The Company and the Promoter undertake that the Company shall bring about an IPO through listing of its Shares at stock exchanges in India within 3 months from the date of Acceptance of Letter of Intent i.e. on or before 08.03.2013.
3. The IPO shall be for issue of at least 1,05,06,954 (One Crore five lakh six thousand Nine hundred and fifty four) Equity Shares of Rs. 10 each, which shall be fully paid up. Out of the said issue under the IPO, 4,50,000 (Four Lakh Fifty Thousand) Equity Shares of ₹10/ each shall be reserved for Employees of the Company. Prior to such IPO, the Company shall have issued 17,39,130 (Seventeen Lakh Thirty Nine Thousand One Hundred and Thirty) Equity Shares of ₹10/- each to CVCFL in terms of this Agreement, as a Pre-IPO placement.
4. The issue of Equity Shares shall be for an 'Issue Price' (in the IPO) which is not less than ₹140/- (Rupees One Hundred And Forty only). In this regard, the lower end of the Price Band (for subscription of Shares in the IPO) that shall be disclosed in the Red Herring Prospectus filed with SEBI, the stock exchanges and RoC shall be not less than ₹140/- (Rupees One Hundred And Forty only) per equity share of face value Rs.10/- each
5. The Company must pass and furnish a certified true copy to CVCFL of all the necessary Board and members resolutions (at AGM/ EGM), as required under Applicable Law, approving the issue and allotment of the CVCFL Shares to CVCFL, on the terms specified in this Agreement, by way of a special resolution of the members of the Company at a general meeting.
6. The nominee of CVCFL must have been appointed as the Director (non-rotational) of the Company, first at a board meeting (as additional director) and thereafter at a members meeting (as regular director) and a right must be given to CVCFL to nominate any other person, for appointment as Director in place of the said nominee. This right must be subsisting at all times up to the time CVCFL is shareholder in the Company.

Further, the Article VII of Part 1 of the SSA titled as “Conditions Subsequent” has specified conditions to be fulfilled relating to point 2 and 3 and other conditions as stated in the reference article. In the event any one or all of the Conditions Subsequent are not duly complied with, to the satisfaction of CVCFL within the time period as specified, the provisions of **Part-2** of the SSA shall forthwith become effective and the rights specified there under shall duly accrue to the CVCFL Shares. However, It is hereby clarified that in the event that the Conditions Subsequent are duly complied with in terms of Article VII (Part-1), the provisions of this Part-2 of this Agreement shall not be effective and shall not apply.

In terms of clause 1.3.1 of Article I of Part-2 of SSA, in the event “Conditions Subsequent” as mentioned in Article VII (Part 1) of SSA are not fulfilled by the Company and / or the Promoter, the Promoter undertakes that he shall ensure that CVCFL derives an Internal Rate of Return of 25% on the Subscription Amount, on and from the date of investment and upto the date of sale of the CVCFL Shares by CVCFL. In this regard, the provisions of **Article VIII (Part-2)** (“EXIT” provisions) shall apply to give effect to the above right. The other important terms of Part 2 of the SSA are as under:

- If any securities (equity and equity linked) except shares issued under an ESOP, are proposed to be issued in any subsequent financing (“**Dilution Shares**”) to any other Person (“**Intended Purchaser**”) (including an existing shareholder), then the Company shall first offer, by a written notice giving details of the offer (“**Dilution Notice**”) and the Dilution Shares to CVCFL (“**Right of First Offer**”)
- In the event the Dilution Shares are proposed to be issued to the Intended Purchaser at a price which is less than or equal to the rate at which the CVCFL Shares are acquired by CVCFL, then CVCFL will receive full dilution protection at no additional cost such that additional shares will be issued to CVCFL to: (i) equate the cost basis of CVCFL’s holding in the Company to the lower price per security (equity or equity linked) instrument issued in any subsequent round of funding; and (ii) ensure that CVCFL continues to hold the same percentage of the issued and paid up share capital in the Company, on a fully diluted / converted basis. The said rights of full dilution protection shall be available to CVCFL with respect to further issue of shares by way of adjustments for stock-splits, dividends and stock re-classifications and the like, at no additional cost.
- In the event the Dilution Shares are proposed to be issued to the Intended Purchaser on terms that are better than the terms attached to the CVCFL Shares, then the CVCFL Shares shall be deemed to have such better rights, as are offered to the Intended Purchaser.
- The Board shall comprise of not more than 12 (Twelve) Directors. Out of the said Directors, one Director shall be the nominee Director appointed by CVCFL (“CVCFL Nominee Director”) (Non Rotational) and the other Directors shall be appointed by the members of the Company.
- The Promoter and the Company, hereby, agree and confirm that they shall provide a complete exit (“**Exit**”) to CVCFL from the Company, on or before June 2016 such that CVCFL derives: i) an annualized IRR of at least 25% on its Subscription Amount from the date of Subscription of CVCFL Shares; or ii) the book value of the shares of the Company; whichever is higher, through any of the following options:

- **IPO/ Offer for Sale (not being the failed IPO under part-1):**

The Promoter and the Company shall make an IPO and seek a listing of the equity shares of the Company on any of the recognized Stock Exchanges, on or before March, 2016. The cost of IPO or Offer for Sale shall be borne entirely by the Company.

- **Buy Back Of Shares By The Company Or Purchase Of Shares By The Promoter**

In the event the Company fails to conduct an IPO, as aforesaid, for any reason whatsoever, before the end of the financial year 2015-16, then within June 30, 2016, the Company (subject to the same being permissible under Applicable Law) shall buy back the CVCFL Shares from CVCFL **and / or** the Promoter shall purchase the CVCFL Shares (either by himself and / or through his nominees),

at such a price as would enable CVCFL to derive: i) an IRR of not less than 25% (Twenty Five Percent) per annum, on the Subscription Amount from the date of subscription of CVCFL Shares; **or** ii) the book value of the Share as on such date; whichever is higher. The Company and/or the Promoter may provide an Exit to CVCFL in the above manner either jointly or severally.

- Purchase of shares by third party

In the event that all the above options of Exit do not fructify within June 30, 2016 then the Company and the Promoter shall within the next 2 (Two) months, arrange for the CVCFL Shares to be bought from CVCFL by any strategic investor/s, at such sale price as would enable CVCFL to derive: i) an IRR of 25% per annum, on the Subscription Amount; **or** ii) the book value of the said shares as on such date; whichever is higher. The said sale to any third party shall be completed within two months from June 30, 2016.

Supplementary Agreement to Share Subscription cum Shareholders Agreement dated 19/12/2012

CVCFL, our Company and the promoter of our Company in continuation to the Share Subscription cum Shareholders Agreement (SSA) dated 19/12/2012 have entered into a supplementary agreement dated 21/02/2013. In terms of the supplementary agreement the lower end of the price band for the purposes of IPO shall not be less than Rs.130/- per equity share.

Financial Partners

There are no financial partnership agreements entered into by the Company.

Strategic Partners

There are no strategic partnership agreements entered into by the Company.

MANAGEMENT

Name, Age, Qualification, Residential Address, Designation, Occupation, DIN No.	Date of Appointment / Re-appointment, Term	Other Directorships held
Mr. Naseer Ahmed S/o: Late C.K.M Hyder Designation: Managing Director (Executive and Non- Independent) Age: 53 Years Qualification: B.Com Residential Address: 391, 2 nd main, 2 nd Cross, 2 nd Stage, R.M.V.Extension, Bangalore 560 094 Occupation: Industrialist DIN No.: 00027095	19/06/2010 (5 Years) Re-appointment	1. Inmark Retail Private Limited 2. Bombay Rayon Fashions Limited (Joint Vice Chairman) 3. GFI Infrastructure Development Private Limited 4. Scotts Fashionciti India Limited 5. Scotts Infrastructure & Development Private Limited 6. Scotts Metals & Mines Private Limited 7. Scotts Plantations Private Limited 8. Coppers Coin Realty Private Limited 9. Scotts Apparels Private Limited 10. Scotts Fashions Private Limited 11. Scotts Wears Private Limited 12. Scotts Knits Private Limited 13. Pedigree Construction Private Limited 14. Amanath Co-Operative Bank Ltd (Honorary Post as President of Bank)
Mrs. Nuzhat Aisha Naseer W/o: Mr. Naseer Ahmed Designation: Director (Executive and Non-Independent) Age: 35 Years Qualification: B.Com Residential Address: 391, 2 nd main, 2 nd Cross, 2 nd Stage, R.M.V.Extension, Bangalore 560 094 Occupation: Industrialist DIN No.: 00245176	19/06/2010 (5 Years) Re-appointment	1. Scotts Fashionciti India Limited 2. Scotts Fashions Private Limited 3. Scotts Apparels Private Limited 4. Scotts Metals and Mines Private Limited
Mr. A. Arumugham S/o: Mr. D.Arunachalam Designation: Director (Non - Executive and Independent) Age: 69 Years Qualification: B.Com, A.C.A Residential Address: 121, Udani Layout, Cambridge Road Ulsoor, Bangalore 560 008 Occupation: Professional DIN No.: 00350163	29/09/2012 Liable to retire by rotation Re-appointment	1. Chemicarb Private Limited 2. CKM Investments Private Limited 3. Pedigree Construction Private Limited 4. Scotts Apparels Private Limited 5. Scotts Infrastructure & Development Private Limited 6. Tamarind Properties Private Limited 7. Aru & Dev (Partnership) 8. Inmark Retail Private Limited

Name, Age, Qualification, Residential Address, Designation, Occupation, DIN No.	Date of Appointment / Re-appointment, Term	Other Directorships held
		9. Scotts Wears Private Limited 10. Scotts Knits Private Limited 11. Beauty Base Products (India) Private Limited. 12. STI India Limited 13. Coppers Coin Reality Private Limited
Mr. B.S.Patil S/o: Late Sangangowda Patil Designation: Director (Non-Executive and Independent) Age: 68 Years Qualification: Indian Administrative Service (Retired) Residential Address: 149, 5 th Cross, 10 th Main, R.M.V.Extension, Bangalore 560 080 Occupation: Professional DIN No.: 00061959	30/09/2011 Liable to retire by rotation Re-appointment	1. Shetron Limited 2. United Breweries (Holdings) Limited 3. UB International Trading Limited 4. Suprajit Engineering Limited 5. Mangalore Chemicals and Fertilisers Limited 6. AMR India Limited 7. Surana Industries Limited 8. B R S Precision Manufacturing Private Limited 9. Surana Green Power Limited 10. Surana Green Energy Limited 11. WEIR India Private Limited 12. International Power Conversions Limited 13. Trinethra Energy Conversions Limited 14. Prassana Power Limited
Mr. M.M. Chopra S/o: Late Shanti Sarup Chopra Designation: Director (Non Executive and Independent) Age: 79 Years Qualification: M.A., B.L, M.B.A. Residential Address: E69, Vasant Marg, Vasant Vihar New Delhi 110 057 Occupation: Professional DIN No.: 00036367	30/09/2011 Liable to retire by rotation Re-appointment	1. Indian Acrylics Limited 2. Steel Strips Wheels Limited 3. Steel Strips Limited
Mr. Azeezulla Baig S/o: Mr. Dastragirbaig Mirza Designation: Director (Non- Executive and Independent) Age: 64 Years Qualification: Indian Administrative Service (Retired) Residential Address:	30/09/2011 Liable to retire by rotation Re-appointment	1. NGEF (Hubli) Limited

Name, Age, Qualification, Residential Address, Designation, Occupation, DIN No.	Date of Appointment / Re-appointment, Term	Other Directorships held
319, B-2, Nethravathi Block, National Games Village, Koramangala, Bangalore 560 047 Occupation: Professional DIN No.: 00532908		
Mr. C.R.Murali S/o: Mr. C.S.Ranganatha Rao Designation: Director (Non- Executive and Independent) Age: 54 Years Qualification: B.Com, A.C.A Residential Address: 561, "Srinidhi", Water Tank Road, Katriguppa, Banushankri, 3 rd Stage, Bangalore 560 085 Occupation: Professional DIN No.: 00533104	29/09/2012 Liable to retire by rotation Re-appointment	<ol style="list-style-type: none"> 1. Murlaidharan & Manogaran - Chartered Accountants 2. Sai Ganesh Properties Pvt. Ltd. 3. SM Holding and Finance Private Limited 4. Vatsalya Services and Solutions Pvt. Ltd. 5. Silk Tele Networks Pvt. Ltd. 6. SM Dyechem Limited 7. Chiteri Biotech Private Limited
Mr. S. Thiruvadi S/o: Mr. Senthilarumugam Designation: Nominee Director (Non- Executive and Independent) Age: 56 Years Qualification: MBA (Banking and Finance) & CAIIB Residential Address: A3, 313 Sneha Apts, Godavari Block National Games Village, Koramangala Bangalore - 560047, Karnataka Occupation: Service DIN No.: 03431263	08/12/2012	<ol style="list-style-type: none"> 1. Canbank Venture Capital Fund Limited 2. GNRC Limited 3. Vinyas Innovative Technologies P Limited 4. Ravi Technoforge Private Limited 5. Colour Roof (India) Limited

There is no arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned Directors were selected as a Director of our Company except for Mr. S. Thiruvadi who has been appointed pursuant to Letter of Intent dated 08/12/2012 and Share Subscription and Shareholders Agreement dated 19/12/2012.

Details of Current and Past Directorship in listed companies that have been suspended from Stock Exchanges

None of the directors of the company have been directors in any other listed company(ies) which have been suspended from the stock exchanges.

Details of Current and Past Directorship in listed companies that have been delisted from Stock Exchanges

None of the directors of the company have been directors in any other listed company(ies) which have been delisted from the stock exchanges.

As on date of filing of the Offer Document there is no service agreement entered into by the Directors with the Company providing for benefits upon termination of employment.

Remuneration and shareholding of Directors in the Company

Particulars	Remuneration paid during F.Y.2011-12 (₹ in lacs)	No. of Shares held
Mr. Naseer Ahmed	180.00	1,25,54,500
Mrs. Nuzhat Aisha Naseer	18.00	7,64,500
Mr. A.Arumugham	Nil	100
Mr. B.S. Patil	Nil	Nil
Mr. M.M Chopra	Nil	Nil
Mr. Azeezulla Baig	Nil	Nil
Mr. C.R. Murali	Nil	Nil
Mr. S.Thiruvadi	N.A.	Nil

BRIEF PROFILE OF THE DIRECTORS OF SGL

A brief profile of the Board Members is given below:

Executive Directors

Mr. Naseer Ahmed aged 53 years is the Managing Director of our company. He is the son of Late C.K.M Hyder. He holds a bachelor degree in commerce. After completing his studies, he entered into active politics and held various positions in the Congress party. He is presently a Member of the Karnataka Legislative Council for Kolar and Chikkaballapur district. He was also a former minister of state for small scale industries of Karnataka from October 1990 to November 1992.. He has over 20 years of experience in the textile industry. He provides strategic direction in selection of technology and machineries in setting up new manufacturing facilities, improvement of production processes and new ventures, and in the process of backward integration.

Mrs. Nuzhat Aisha Naseer aged 35 years, is Executive and Non Independent Director in our company. She is wife of Mr. Naseer Ahmed. She holds a Bachelor's degree in Commerce. She aids the in house design team in developing new designs in line with the latest trends in the fashion industry. Her inputs have helped the Company in presenting these designs for approvals and obtaining fresh orders from buyers, both existing and prospective.

Non-Executive Directors

Mr. A. Arumugham aged 69 years is an Independent Director in our Company. He holds a degree in Commerce and qualified as a Member of the Institute of Chartered Accountants of India in 1967 and has 43 years of standing in the profession, and has vast experience in the industrial field. He completed his articleship with M/s Brahmahayya and Company, a leading firm of Chartered Accountants in South India, and after qualifying as a Chartered Accountant, worked with the firm for a year. He then joined the Government of Mysore, Steel Plant at Bhadravati, Karnataka, as the first chartered accountant of the Company. He is the senior partner of M/s. Aru & Dev, an established accountancy firm of Chartered Accountants with over 36 years of standing.

Mr. Babugouda Sangangouda Patil aged 68 years, is an Independent Director on our Board. He is a 1966 batch of the Indian Administrative Services, and retired as the Chief Secretary, Government of Karnataka in January, 2004. He held very important assignments during his service and is generally regarded as one of the most dynamic officers of the State Government. He has wide ranging experience from heading State Financial Institutions to industrial development.

Mr. M. M. Chopra aged 79 Years is an Independent Director in our Company. He holds a bachelors degree in science from Punjab University, Bachelors Degree in Law from Delhi University, Post Graduate Diploma in Business Administration from Jamnalal Bajaj Institute of Management Studies, Mumbai University and Master's Degree from Delhi University specializing in Economics and Sociology. He has an aggregate experience of over 50 years in diverse fields including Naval service of 34 years corporate board directorship of 16 years of various well known companies like Bombay Dyeing, Indian Acrylics Steel Strip Wheels, Bombay Real Estate Development Corporation.

Mr. Azeezulla Baig aged 64 years, is an Independent Director in our Company. He holds Master of Arts Degree in Sociology. He started his career as a journalist of Daily Salar in 1960 and is alumni of Central Muslim Association High School. He joined Karnataka Administrative Service (KAS) in the Year 1977 and on basis of merit he was inducted into Indian Administrative Services (IAS) in the Year 1990. During his tenure with KAS and IAS he has held different positions in the government organizations like Joint Commissioner, Commercial Taxes (Investigation), Managing Director, Karnataka State Small Industries Development Corporation, (KSSIDC), Bangalore, Deputy Secretary, Commerce and Industries Department, Karnataka, Director - Tourism of Karnataka, etc. He retired from Government Service in 2007.

Mr. C.R.Murali, aged 54 years is an Independent Director in our Company. He is a Chartered Accountant with over 25 years of core practice. He has been a part of the team of consultants which has successfully managed several business restructuring exercises covering mergers, de-mergers, public issues, hiving off etc.

Mr. S. Thiruvadi, aged 56 years is Nominee Director of CVCFL in our Company. He is an Engineering Graduate with additional qualifications of MBA (Banking and Finance) and Certified Associate of Indian Institute of Bankers. Mr. S. Thiruvadi brings with him an experience of over 30 years in banking and exposure in Corporate Credit, Project Finance, Loan Syndication, SME Portfolio, Export/Import Credit and General Banking.

BORROWING POWERS OF DIRECTORS

The Company has passed an ordinary resolution at its Annual General Meeting held on 30/09/2011 in terms of the provisions of section 293(1)(d) of the Companies Act 1956, whereby it has authorized the Board of Directors to borrow money up to ₹ 75,000.00 Lacs (Rupees Seventy Five Thousand Lacs) for its short term capital and long term capital requirements from financial institutions.

RELATIONSHIPS BETWEEN DIRECTORS

Name of the Director	Relationship between Directors
Mr. Naseer Ahmed	Husband of Mrs. Nuzhat Aisha Naseer
Mrs.Nuzhat Aisha Naseer	Wife of Mr. Naseer Ahmed

QUALIFICATION SHARES REQUIRED TO BE HELD BY OUR DIRECTORS

Our directors are not required to hold any qualification shares.

INTEREST OF PROMOTER, DIRECTORS

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association of the Company. The whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. All the directors of the Company may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in the Company or by the corporate entity to which they represent on the Board of the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Offer Document and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

COMPENSATION TO MANAGING DIRECTOR / WHOLE TIME DIRECTORS

Details of appointment and fixing of remuneration of Managing Director / Whole Time Directors:

Mr. Naseer Ahmed, Managing Director

As per the Resolution passed at the meeting of the Board of Directors held on 03/06/2010, Mr. Naseer Ahmed, is re-appointed as Managing Director of the Company for a period of 5 years with effect from 18/06/2010 for a consolidated remuneration of ₹25,00,000/- per month (inclusive of perquisites, allowances as may be applicable as per Company's rules).

Minimum Remuneration

In the event of loss or inadequate profits in any financial year during the currency of his tenure as Managing Director, the remuneration payable shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any statutory modifications thereof.

Mrs. Nuzhat Aisha Naseer, Director

As per the Resolution passed at the meeting of the Board of Directors held on 03/06/2010, Mrs. Nuzhat Aisha Naseer, is re-appointed as Whole Time Director of the Company for a period of 5 years with effect from 19/06/2010 for a consolidated remuneration of ₹3,00,000/- per month (inclusive of perquisites, allowances as may be applicable as per Company's rules).

Minimum Remuneration

In the event of loss or inadequate profits in any financial year during the currency of his tenure as Managing Director, the remuneration payable shall be governed by Section II of Part II of Schedule XIII of the Companies Act, 1956 or any statutory modifications thereof.

No remuneration is paid to any of the independent directors except sitting fees.

CHANGES IN THE BOARD OF DIRECTORS DURING THE LAST THREE YEARS

There has been following change in the Board of Directors of the Company in last three years.

Sr. No	Name of Directors	Date of Change	Reason
1.	Mr. S.A. Hussain	27/09/2010	Resignation
2.	Mr. Prashant Agarwal	19/04/2011	Resignation
3.	Mr. Aman Agarwal	19/04/2011	Resignation

Sr. No	Name of Directors	Date of Change	Reason
4.	Mr. S. Thiruvadi	08/12/2012	Appointment as Nominee Director of CVCFL

Compliance with Corporate Governance Requirements:

The provisions of the Listing Agreement to be entered into with the Stock Exchange(s) will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 to the extent applicable. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

In terms of the Clause 49 of the Listing Agreement, our Company has already constituted the following committees.

Audit Committee

The Audit Committee was re-constituted at the Board meeting held on 4th January, 2008. The Audit Committee comprises of the following members

Name of Director	Status in Committee	Nature of Directorship
Nr. A. Arumugham	Chairman	Independent
Mr. C.R. Murali	Member	Independent
Mr. Azeezulla Baig	Member	Independent

The role of the Committee has been defined to include the following activities:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (b) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fee.
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (d) Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to:
 - 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.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- (e) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), 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.

- (f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (g) 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.
- (h) Discussion with internal auditors any significant findings and follow up there on.
- (i) 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.
- (j) 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.
- (k) To look 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.
- (l) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (m) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Remuneration Committee

The Remuneration Committee was constituted on 4th January, 2008 and comprises the following directors of the Board.

Name of Director	Nature of Directorship
Mr. A. Arumugham	Independent
Mr. C.R. Murali	Independent
Mr. Azeezulla Baig	Independent

The terms of reference of the Remuneration Committee are as follows:

- (a) The Remuneration Committee recommends to the board the compensation terms of the executive directors.
- (b) Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- (c) Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- (d) Ensuring the remuneration policy is good enough to attract, retain and motivate directors.

- (e) Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

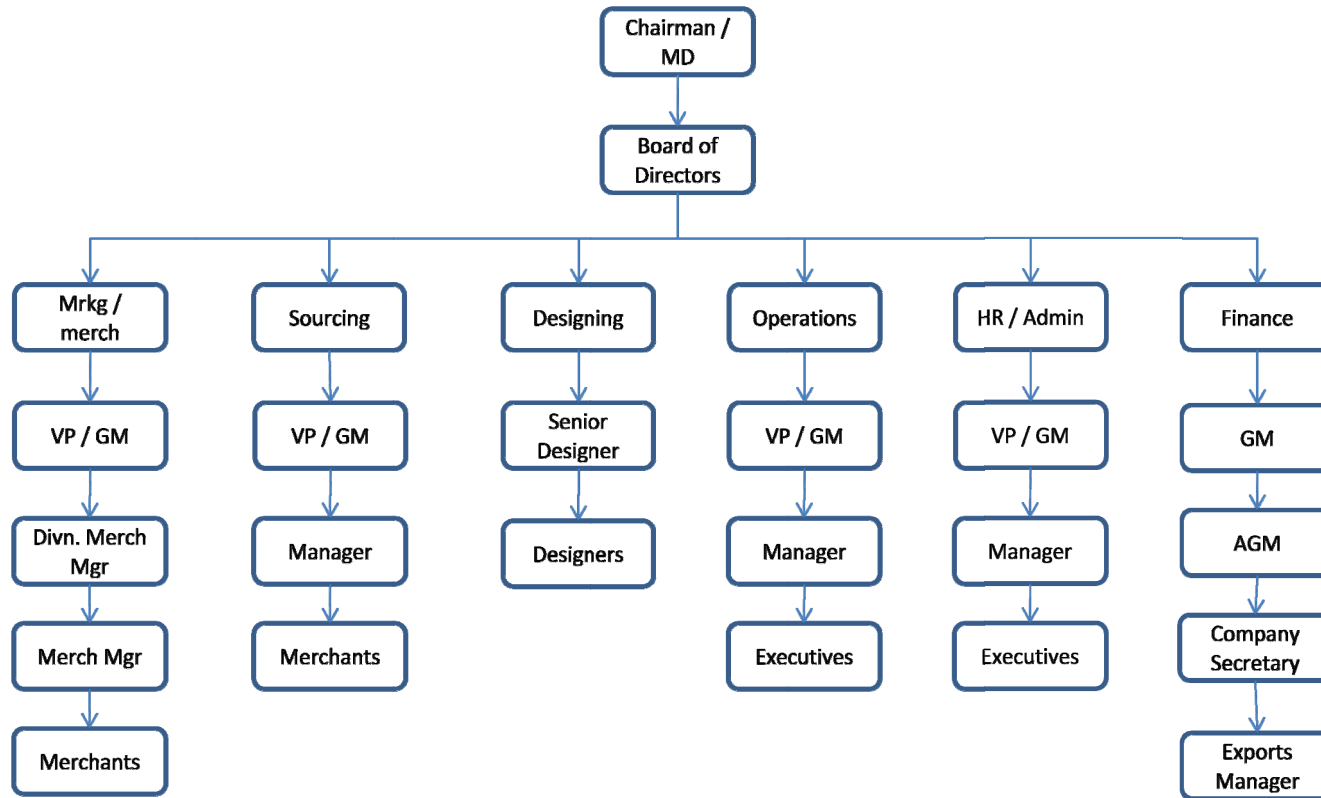
Shareholders'/Investor Grievances Committee

The Shareholders and Investors Grievances Committee was constituted at the Board meeting held on 10th May, 2010. The Committee consists of the following Directors.

Name of Director	Status in Committee	Nature of Directorship
Mr. Naseer Ahmed	Chairman	Non-Independent
Mr. A. Arumugham	Member	Independent
Mr. Azeezulla Baig	Member	Independent

The scope and function of this committee is to consider and review shareholders'/ investors' grievances and complaints and ensure that all shareholders'/ investors' grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/ or legal impediments.

ORGANISATION CHART



KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of SGL other than the Directors are as follows:

Sr. No.	Name, Designation and Age	Qualification	Present responsibilities	Date of appointment	Previous Employment and Total Experience	Area of responsibility in previous company	Compensation paid during last financial year ₹
1.	Mr.Poorna Srinivasan Consultant (39 years)	Dip in Textile Technology MBA - Marketing and Finance Certified Lean Consultant (TBM - USA)	Strategy and organisation planning Marketing Product development and sourcing	01/07/2011	Gokaldas Export COO (Knits Division) (18 Years)	Over all in charge of knits order booking marketing activities	27,00,000
2.	Mr.Harikrishnan B President Operations-Tirupur (44 years)	.Sc., Diploma in Production Technology Diploma in Apparel Machine Engineering	Overall in charge of Tirupur activities	06/05/2011	Eastman Exports Global Clothing Private Limited (24 years)	Heading all operations involving from product development, salesman sampling, proto sampling, production feasibility analysis, production upto pick and pack logistics. Handled all business of various international buyers requirements	18,64,258
3.	Mr. Ronald Morris President-Bangalore operations (41 years)	B.A.	Overall in charge of Woven production	02/05/2012	Gokaldas Exports 18 years	Overall in charge for operations of the company	14,85,170



Sr. No.	Name, Designation and Age	Qualification	Present responsibilities	Date of appointment	Previous Employment and Total Experience	Area of responsibility in previous company	Compensation paid during last financial year ₹
4.	Mr.Madhivanan C. General Manager (51 years)	B.Com	Overall in charge of Knitts Production	26/11/2009	Shahi Exports Pvt. Ltd. (18 years)	Overall incharge of knitts production	16,25,000
5.	Mr. Shailendra Kumar Nigam General Manager (38 years)	B.Tech (Textile Chemistry)	Projects	29/09/2011	Mangal Textile Pvt. Ltd. 15 Years	In charge for development of new Projects	13,98,000
6.	Ms. S R Sridevi Head (30 years)	B.Sc Costume Designing & Fashion	Design	01/03/2010	I Duo Design Studio 8 years	Designing activities	13,13,325
7.	Mr. Ampar Pramod (Vice President) (32 years)	Diploma in Fashion Design and Technology (U.K.)	Denim - Marketing and product development	01/09/2009	Principle Partner at Laundry Service Design Inc., (13 years)	Designing, order procuring and marketing activities	11,96,000
8.	Mr.M.Thiagarajan General Manager (51 years)	B.Com, A.C.A	Finance	02/03/2005	Fabritex Export (P) Ltd., (28 years)	Overall incharge of Finance and Accounts	11,70,000
9.	Mr.Manoj Francis Manager (37 years)	B.A., L.L.B., M.B.A	Human Resource	24/11/2009	FFI (12 years)	HRD and compliance related activities	9,10,000
10.	Mr.Rajan V Mani General Manager (60 years)	M.Com C.A.I.I.B	Banking Operations	01/01/2010	Stalin Garments, Tirupur (30 years)	Overall incharge of banking activities	8,45,000
11.	Mr.Jayaprakash H.V. General Manager (38 years)	B.E.	Production	01/05/2005	CIGFIL LTD., - I.T.C.Apparels Division- (14 years)	Production	8,45,000
12.	Mr.Mukesh Kumar General Manager (36 years)	FD in NIFT Calcutta	Production	19/06/2009	Arora Fashions Ltd., (13 years)	Overall in charge of production activities	7,50,000
13.	Mr.S.Guruswamy Babu	M.Com I.C.W.AA. C.S.	Secretarial Work	01/08/2007	Alpha Systems Private Ltd.,	Overall incharge of secretarial	6,89,000



Sr. No.	Name, Designation and Age	Qualification	Present responsibilities	Date of appointment	Previous Employment and Total Experience	Area of responsibility in previous company	Compensation paid during last financial year ₹
	Company Secretary (52 years)				(28 years)	activities	
14.	Mr.Naveed Pasha Manager (43 years)	Diploma in Textile Engineering	Sourcing of Fabric	10/08/2000	Gokaldas Exports Private Limited (20 years)	Fabric sourcing activities	6,50,000
15.	Mr. Syed Abu Tahir A Manager Merchandising (43 years)	M.Sc.,	Marketing activities	03/01/2011	Eastman Exports (15 years)	Merchandising activities	6,30,000
16.	Mr.Saud Nazir General Manager (51 years)	B.E.	Administration	01/04/1999	STC Limited U.S.A. (30 years)	Overall in charge of Administration activities	5,72,000

The above persons are on the rolls of the company as permanent employees. There is no specific tenure of any of our key managerial personnel.

NUMBER OF SHARES HELD BY THE KEY MANAGERIAL PERSONNEL

Particulars	No. of Shares held
Mr.M.Thiagarajan	10,000
Mr.Saud Nazir	10,000
Mr. Naved Pasha	3,000
Total	23,000

CHANGES IN THE KEY MANAGERIAL PERSONNEL OF THE COMPANY DURING LAST THREE YEARS

Name	Date of Change	Reason
Mr. S. Jagadish	28/11/09	Resignation
Mr. Sayed Saffiula	31/07/10	Resignation
Mr. Subair Kunju	31/03/10	Resignation
Mr.Rajeev Das Kalathil	31/05/10	Resignation
Mr. G. Rafiq	03/05/10	Appointment
Mrs. Sapna Shivdas	19/05/10	Appointment
Mr. Sanjay Sadashiv Mahesh	01/01/99	Appointment
Mr. G. Rafiq	31/03/12	Resignation
Mrs. Sapna Shivdas	10/01/11	Resignation
Mr. Sanjay Sadashiv Mahesh	17/05/11	Resignation
Mr. Poorna Srinivasan	01/07/11	Appointment
Mr. Harikrishnan B	06/05/11	Appointment



Name	Date of Change	Reason
Mr. Ronald Moris	02/05/12	Appointment
Mr. Shailendra Kumar Nigam	29/09/11	Appointment
Mr. Ampar Pramod	01/09/09	Appointment
Ms. S.R. Sridevi	01/10/10	Appointment
Mr. Sayed Abu Tahir A.	03/01/11	Appointment

BONUS OR PROFIT SHARING PLAN FOR THE KEY MANAGERIAL PERSONNEL

Presently, the Key Managerial Personnel receive annual Ex-Gratia as One month of Gross salary. Other than this there is no bonus or profit sharing policy exists in the Company.

RELATIONSHIP AMONGST THE KEY MANAGERIAL PERSONNEL

None of the Key Managerial Personnel are related to each other.

ARRANGEMENTS AND UNDERSTANDING WITH MAJOR SHAREHOLDERS

None of our key managerial personnel have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

LOANS TO KEY MANAGERIAL PERSONNEL

The Company has not given any loan to its Key Managerial Personnel in the last financial year. Presently, there is no outstanding loan receivable from any Key Managerial Personnel.

EMPLOYEE STOCK OPTION SCHEMES

Till date Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.

INTEREST OF KEY MANAGERIAL PERSONNEL

The premises at B 108, Peenya Industrial Estate, IIIrd stage has been taken on rent from Mr.Saud Nazir who is a Key Managerial Employee in the company. Presently, a rent of ₹ 30,000 per month is being paid by our company to Mr.Saud Nazir for using the said premises. Apart from this none of the Key Managerial Personnel have any interest in the Company other than to the extent of the remuneration of benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them, if any in our Company.

No amount or benefit has been paid or given within the two preceding years or intended to be given to any of the directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

PAYMENT OR BENEFIT (NON-SALARY RELATED) TO OFFICERS OF THE COMPANY

Except as stated in this Offer Document, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company.

PROMOTER AND ITS BACKGROUND

Details of Promoter being individual

Our Promoter

Mr. Naseer Ahmed



Mr. Naseer Ahmed aged 53 years is the Managing Director of our company. He is the son of Late C.K.M Hyder. He holds a bachelor degree in commerce. After completing his studies, he entered into active politics and held various positions in the Congress party. He is presently a Member of the Karnataka Legislative Council, for Kolar and Chikkaballapur district. He was also a former minister of state for small scale industries of Karnataka from October 1990 to November 1992. He has over 20 years of experience in the textile industry. He provides strategic direction in selection of technology and machineries in setting up new manufacturing facilities, improvement of production processes and new ventures, and in the process of backward integration.

Identification Details

Voter ID Number	BTF0946954
Driving License Number	5560/2000

The Permanent Account Number, Bank Account Number and Passport Number of the Promoter have been submitted to BSE and NSE.

PROMOTER GROUP

The following natural persons (being the immediate relatives of our Promoter and Promoter's), HUFs, partnerships, companies and other entities shall form part of our Promoter Group:

Name of the Natural Persons (Immediate Relative of our Promoter)	Relationship with Mr. Naseer Ahmed
Mrs. Nuzhat Aisha Naseer	Wife
Mr. Awaiz Ahmed	Son
Mr. Fiaz Ahmed	Son
Master Zuiiz Ahmed;	Son
Master Tanish Ahmed.	Son
Ms. Abeer Fathima	Daughter
Mr. Mukhtar Ahmed	Brother
Mr. Aslam Ahmed	Brother
Mrs. Zareena Begum	Sister
Mrs. Jabeen Begum	Sister
Mrs. Thasine Sultana	Sister
Mrs. Naznine Begum	Sister

Name of the Natural Persons (Immediate Relative of our Promoter's Spouse)	Relationship with Mrs. Nuzhat Aisha Naseer
Mr. Mohammed Saleem Ahmed Khan	Brother
Mrs. Sultana Khadija	Sister
Ms. Abeer Fathima	Daughter
Mr. Awaiz Ahmed	Son
Master. Faiz Ahmed	Son
Master Zuiiz Ahmed	Son
Master Tanish Ahmed	Son

Our Group Companies

The following are the group companies as defined under Schedule VIII of the SEBI (ICDR) Regulations

Sr. No.	Name of the company
1.	Scotts Fashionciti India Limited
2.	Scotts Plantations Private Limited
3.	Scotts Metals and Mines Private Limited
4.	Scotts Infrastructure and Development Private Limited
5.	GFI Infrastructure Development Private Limited
6.	Coppers Coin Realty Private Limited
7.	Pedigree Construction Private Limited
8.	Scotts Apparels Private Limited
9.	Scotts Fashions Private Limited
10.	Scotts Wears Private Limited
11.	Scotts Knits Private Limited
12.	Inmark Retail Private Limited

None of the above mentioned companies have made any capital issue during last three years nor are they classified as Sick Industrial Company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.

The details of our Group companies are as provided below:

1. Scotts Fashionciti India Limited (SFIL)

SFIL was incorporated on 24/11/2006 as a public limited company and received certificate of commencement of business dated 05/06/2007 from Registrar of Companies, Bangalore, Karnataka. The CIN of the Company is U45202KA2006PLC041044. The main object of the company is to establish and build textile park for location of manufacture processing of textile items, research centres, laboratories, testing centres and allied activities. Currently the Company is not carrying on any business activity. The registered office is situated at 481-B, IV Phase, Peenya Industrial Area, Peenya, Bangalore - 560 058. Mr. Naseer Ahmed and Mr. Prashant Agarwal are the promoters of the Company.

Board of Directors	1) Mr. Naseer Ahmed 2) Mrs. Nuzhat Aisha Naseer 3) Mr. Prashant Agarwal
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The Shareholding pattern of SFIL as on 31/07/2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 10/- each	% of total share capital
1	Mr. Naseer Ahmed	10,000	14.29
2	Mrs. Nuzhat Aisha Naseer	10,000	14.29
3	Mr. Prashant Agarwal	10,000	14.29
4	Mr. Aman Agarwal	10,000	14.29
5	Bombay Rayon Fashions Limited	10,000	14.29
6	Scotts Garments Limited	10,000	14.29
7	Scotts Plantation Private Limited	10,000	14.29
	Grand Total	70,000	100.00

Brief Audited Financials

Particulars	(₹ in Lacs)		
	2009-10	2010-11	2011-12
Equity Share Capital at ₹10/- each	7.00	7.00	7.00
Reserves & Surplus	Nil	Nil	(2.56)
Total Income	Nil	Nil	Nil
Profit After Tax	(0.53)	(0.47)	(0.05)
Earnings Per Share (₹)	N.A.	N.A.	N.A.
Net Asset Value Per Share (₹)	6.53	6.42	6.34

2. Scotts Plantations Private Limited (SPPL)

SPPL was incorporated on 28/12/2005 with Registrar of Companies, Bangalore, Karnataka. The CIN of the Company is U01132KA2005PTC038071. The main object of the company is to acquire by purchase or otherwise and carry on the business of estate owners, cultivation, planters, growers and allied activities. The registered office is situated at 481-B, IV Phase, Peenya Industrial Area, Peenya, Bangalore - 560 058. Mr. Naseer Ahmed and Mr. Prashant Agarwal are the promoters of the Company.

Board of Directors	1) Mr. Naseer Ahmed 2) Mr. Prashant Agarwal
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The Shareholding pattern of SPPL as on 31/07/2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 100/- each	% of total share capital
1	Bombay Rayon Clothing Limited	99,500	49.75
2	Pedigree Constructions Private Limited	99,500	49.75
3	Mr. Naseer Ahmed	500	0.25
4	Mr. Prashant Agarwal	500	0.25
	Grand Total	2,00,000	100.00

Brief Audited Financials

(₹ in Lacs)

Particulars	2009-10	2010-11	2011-12
Equity Share Capital at ₹100/- each	200.00	200.00	200.00
Share Application Money	328.30	328.30	328.30
Reserves & Surplus	(371.33)	(434.40)	(376.28)
Total Income	148.71	159.50	218.71
Profit After Tax	(93.74)	(63.07)	58.12
Earnings Per Share (₹)	N.A.	N.A.	29.06
Net Asset Value Per Share (₹)	(85.66)	(117.82)	(88.14)

3. Scotts Metals and Mines Private Limited (SMMPL)

SMMPL was incorporated on 10/06/2005 with Registrar of Companies, Bangalore, Karnataka. The CIN of the Company is U51420KA2005PTC036525. The main object of the company is to carry out or engage in business and/or manufacture in India and elsewhere, various varieties of Iron and Steel including Sponge Iron, Cast Iron, Wrought Iron and Mild Steel and allied activities. The registered office is situated at 481-B, IV Phase, Peenya Industrial Area, Bangalore, Karnataka, India, 560058. Mr. Naseer Ahmed is the promoter of the Company.

Board of Directors	
	1) Mr. Naseer Ahmed
	2) Mrs. Nuzhat Aisha Naseer
	3) Mr. Ziaulla Sharief
	4) Dr. Sayed Anwar

The Shareholding pattern of SMMPL as on 31/07/ 2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 100/- each	% of total share capital
1	Mr. Naseer Ahmed	250	25
2	Mrs. Nuzhat Aisha Naseer	250	25
3	Mr. Ziaulla Sharief	250	25
4	Dr. Sayed Anwar	250	25
	Grand Total	1,000	100.00

Brief Audited Financials

(₹ in Lacs)

Particulars	2009-10	2010-11	2011-12
Equity Share Capital at ₹100/- each	1.00	1.00	1.00
Share Application Money	59.00	59.00	59.00
Reserves & Surplus	Nil	Nil	(2.69)

Particulars	2009-10	2010-11	2011-12
Total Income	Nil	Nil	Nil
Profit After Tax	(0.41)	(0.11)	(0.11)
Earnings Per Share (₹)	N.A.	N.A.	N.A.
Net Asset Value Per Share (₹)	(146.74)	(157.88)	(169.11)

4. Scotts Infrastructure and Development Private Limited (SIDPL)

SIDPL was incorporated on 09/02/2007 with Registrar of Companies, Bangalore, Karnataka. The CIN of the Company is U45202KA2007PTC041738. The main object of the company is to carry out business of Infrastructure. The registered office is situated at 481-B, IV Phase, Peenya Industrial Area, Peenya, Bangalore - 58. Mr. Naseer Ahmed is the promoter of the Company.

Board of Directors	1) Mr. Naseer Ahmed 2) Mr. A. Arumugham
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The Shareholding pattern of SIDPL as on 31/07/2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 10/- each	% of total share capital
1	Mr. Naseer Ahmed	9,900	99.00
2	Mr. A.Arumugham	100	1.00
	Grand Total	10,000	100.00

Brief Audited Financials

(₹in Lacs)

Particulars	2009-10	2010-11	2011-12
Equity Share Capital at ₹10/- each	1.00	1.00	1.00
Share Application Money	679.96	685.66	686.41
Reserves & Surplus	Nil	Nil	(1.14)
Total Income	Nil	Nil	Nil
Profit After Tax	(0.18)	(0.25)	(0.14)
Earnings Per Share (₹)	N.A.	N.A.	N.A.
Net Asset Value Per Share (₹)	1.38	0.04	(1.37)

5. GFI Infrastructure Development Private Limited (GIPL)

GIPL was incorporated on 31/12/2008 with Registrar of Companies, Bangalore, Karnataka. The CIN of the Company is U1320KA2008PTC048765. The main object of the company is to carry out Infrastructure activities. The registered office is situated at 481-B, IV Phase, Peenya Industrial Area, Bangalore, Karnataka, India, 560058. Mr. Naseer Ahmed and Mr. Prashant Agarwal are the promoters of the Company.

Board of Directors	1) Mr. Naseer Ahmed 2) Mr. Prashant Agarwal
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The Shareholding pattern of GIPL as on 31/07/2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 10/- each	% of total share capital
1	Mr. Naseer Ahmed	5,000	50.00
2	Mr. Prashant Agarwal	5,000	50.00
	Grand Total	10,000	100.00

Brief Audited Financials

Particulars	(₹ in Lacs)		
	2009-10	2010-11	2011-12
Equity Share Capital at ₹10/- each	1.00	1.00	1.00
Reserves & Surplus	Nil	Nil	(2.25)
Total Income	Nil	Nil	Nil
Profit After Tax	(0.05)	(0.27)	(0.06)
Earnings Per Share (₹)	N.A.	N.A.	N.A.
Net Asset Value Per Share (₹)	(9.19)	(11.90)	(12.46)

6. Coppers Coin Realty Private Limited (CCRPL)

CCRPL was incorporated on 06/10/2009 with Registrar of Companies, Bangalore, Karnataka. The CIN of the Company is U45201KA2009PTC051106. The company is engaged in the realty business. The registered office is situated at 481-B, IV Phase, Peenya Industrial Area, Bangalore, Karnataka, India, 560058. Mr. Naseer Ahmed and Mr. Prashant Agarwal are the promoters of the Company.

Board of Directors	1) Mr. Naseer Ahmed 2) Mr. A. Arumugham 3) Mr. Awaiz Ahmed
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The Shareholding pattern of CCRPL as on 16/07/2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 100/- each	% of total share capital
1	Mr. Naseer Ahmed	500	0.65
2	Mr. Janardhan Agarwal	250	0.32
3	Mr. Prashant Agarwal	250	0.32
4	B R Machine Tools Pvt. Ltd.	76,500	98.71
	Grand Total	77,500	100.00

Brief Audited Financials

Particulars	(₹ in Lacs)		
	2009-10	2010-11	2011-12
Equity Share Capital at ₹100/- each	1.00	1.00	77.50
Share Application Money	2123.75	1023.75	1486.75
Reserves & Surplus	Nil	Nil	114.06
Total Income	Nil	Nil	Nil
Profit After Tax	(0.33)	(0.26)	(0.15)
Earnings Per Share (₹)	N.A.	N.A.	N.A.
Net Asset Value Per Share (₹)	66.89	40.54	247.18

The paid up equity share capital of the company has increased from ₹ 1.00 lacs to ₹ 77.50 lacs during F.Y.2011-12

7. Pedigree Construction Private Limited (PCPL)

PCPL was incorporated on 04/02/1985 with Registrar of Companies, Bangalore, Karnataka. The CIN of the Company is U45201KA1985PTC006674. The subscribers to the Memorandum were Mr. Dinyar Rustom Mody and Mrs. Farida Dinyar Mody. The main object of the Company is to carry on the business of building, erecting and constructing structures, houses, sheds and other fixtures on lands or buildings and to purchase, take on lease or otherwise acquire or exchange or transfer any land, buildings of any tenure whatsoever. The registered office is situated at No. 481/B, IV Phase, Peenya Industrial Area, Bangalore, Karnataka.

PCPL is one of the major shareholder of the Company and it presently holds 48,31,250 equity shares representing 18.07% equity share capital. PCPL was subsidiary of our Company during F.Y.2004 to 2006 and later it was hived off from our Company. In F.Y.2007-08, PCPL made an investment in our Company.

The transactions relating to investment in equity shares between PCPL, our Company and the promoter of our company were perused by SEBI & the matter is being referred by SEBI to the Ministry of Corporate Affairs (MCA) as it was an unlisted company.

Board of Directors	1) Mr. A. Arumugham 2) Mr. M. Thiagarajan 3) Mr. Naseer Ahmed
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The Shareholding pattern of PCPL as on 31/07/2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 100/- each	% of total share capital
1	Mrs. Gomathi Rajam	900	0.10
2	Mr. Naseer Ahmed	98	0.01
3	Mr. A. Arumugham	2	negligible
4	Mr. Wajid Khan	398000	44.27
5	Mr. Dastagir Sab	500000	55.62
	Grand Total	899000	100.00

Brief Audited Financials

Particulars	(₹ in Lacs)		
	2009-10	2010-11	2011-12
Equity Share Capital at ₹100/- each	1.00	1.00	899.00
Reserves & Surplus	2534.73	2547.66	3885.05
Total Income	89.09	70.17	73.64
Profit After Tax	34.30	12.93	12.84
Earnings Per Share (₹)	3430.03	1293.17	1.43
Net Asset Value Per Share (₹)	2,53,573	2,54,866	532.15

8. Scotts Apparels Pvt. Limited (SAPL)

SAPL was incorporated on 04/03/2005 with Registrar of Companies, Bangalore, Karnataka. The CIN of the Company is U18101KA2005PTC035757. The main object of the company is business of manufacturer, importers and exporters, wholesale and retail dealers. The registered office is situated at 481/B, IV Phase,



Peenya Indl Area, Peenya, Bangalore - 560 058. The present promoters of SAPL are Mr. Naseer Ahmed and Mrs. Nuzhat Aisha Naseer.

Board of Directors	1) Mr. Naseer Ahmed 2) Mrs. Nuzhat Aisha Naseer 3) Mr. A. Arumugham 4) Mr. Aman Agarwal
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The Shareholding pattern as on 31/07/2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 100/- each	% of total share capital
1	Mr. Naseer Ahmed	500	50.00
2	Ms. Nuzhat Aisha Naseer	500	50.00
	Grand Total	1000	100.00

Brief Audited Financials

(₹ in Lacs)

Particulars	2009-10	2010-11	2011-12
Equity Share Capital at ₹100/- each	1.00	1.00	1.00
Reserves & Surplus	Nil	Nil	(3.09)
Total Income	Nil	Nil	Nil
Profit After Tax	(0.17)	(0.15)	(0.22)
Earnings Per Share (₹)	N.A	N.A	N.A
Net Asset Value Per Share (₹)	(172.25)	(188.05)	(209.84)

9. Scotts Fashions Private Limited (SFPL)

SFPL was incorporated on 01/03/2002 with Registrar of Companies, Bangalore, Karnataka. The CIN of the Company is U18101KA2002PTC030184. The main object of the company is business of manufacturer, importers and exporters, wholesale and retail dealers. The registered office is situated at 481/B, IV Phase, Peenya Indl Area, Peenya, Bangalore - 560 058. The present promoter of SFPL is Mr. Naseer Ahmed.

Board of Directors	1) Mr. Naseer Ahmed 2) Ms. Nuzhat Aisha Naseer 3) Mr. Thiagarajan
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The Shareholding pattern as on 31/07/2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 10/- each	% of total share capital
1	Mr. Naseer Ahmed	9900	99.00
2	Mr. A. Arumugham	100	1.00
	Grand Total	10,000	100.00

Brief Audited Financials

(₹ in Lacs)

Particulars	2009-10	2010-11	2011-12
Equity Share Capital at ₹10/- each	1.00	1.00	1.00
Share Application Money	1104.67	1104.67	1104.67

Particulars	2009-10	2010-11	2011-12
Reserves & Surplus	Nil	Nil	(1.71)
Total Income	Nil	Nil	Nil
Profit After Tax	(0.31)	(0.15)	(0.27)
Earnings Per Share (₹)	N.A.	N.A.	N.A.
Net Asset Value Per Share (₹)	(2.70)	(3.81)	(7.14)

10. Scotts Wears Private Limited

SWPL was incorporated on 23/07/2008 with Registrar of Companies, Bangalore, Karnataka. The CIN of the Company is U18101KA2008PTC047262. The main object of the company is business of manufacturer, importers and exporters, wholesale and retail dealers. The registered office is situated at 481/B, IV Phase, Peenya Indl Area, Peenya, Bangalore - 560 058.

Board of Directors	1) Mr. Naseer Ahmed 2) Mr. A. Arumugham 3) Mr. Thiagarajan
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The Shareholding pattern as on 31/07/2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 100/- each	% of total share capital
1	Mr. Arumugham	500	50.00
2	Mr. Thiagarajan	500	50.00
	Grand Total	1000	100.00

Brief Audited Financials

Particulars	(₹ in Lacs)		
	2009-10	2010-11	2011-12
Equity Share Capital at ₹100/- each	1.00	1.00	1.00
Reserves & Surplus	Nil	Nil	(0.88)
Total Income	Nil	Nil	Nil
Profit After Tax	(0.25)	(0.18)	(0.19)
Earnings Per Share (₹)	NA	NA	NA
Net Asset Value Per Share (₹)	37.56	23.00	12.25

11. Scotts Knits Private Limited

SKPL was incorporated on 24/10/2008 with Registrar of Companies, Bangalore, Karnataka. The CIN of the Company is U18101KA2008PTC048104. The main object of the company is business of manufacturer, importers and exporters, wholesale and retail dealers. The registered office is situated at F-3, Padmavathy Homes, 7th Main Road, Puttenahalli, J.P. Nagar, VII Phase, Bangalore - 560078.

Board of Directors	1) Mr. Naseer Ahmed 2) Mr. Arumugham 3) Mr. Thiagarajan
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The Shareholding pattern as on 16/07/2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 100/- each	% of total share capital
1	Mr. A. Arumugham	500	50.00
2	Mr. Thiagarajan	500	50.00
	Grand Total	1000	100.00

Brief Audited Financials

(₹ in Lacs)

Particulars	2009-10	2010-11	2011-12
Equity Share Capital at ₹ 100/- each	1.00	1.00	1.00
Reserves & Surplus	Nil	Nil	(1.12)
Total Income	Nil	Nil	Nil
Profit After Tax	(0.26)	(0.20)	(0.37)
Earnings Per Share (₹)	NA	NA	NA
Net Asset Value Per Share (₹)	24.02	10.36	(12.28)

12. Inmark Retail Private Limited (IRPL)

IRPL was originally incorporated on 23/07/2008 in the name of Scotts Dresses Private Ltd with Registrar of Companies, Bangalore, Karnataka. The name of the company was changed to Inmark Retail Private Ltd. and a fresh certificate of incorporation was issued on 19/10/2011. The CIN of the Company is U18101KA2008PTC047261. The company is in the business of sale of readymade garments under various brands such as Amari, Urban Nomad, Alibi, Slub and Tickles through its retail outlets in Bangalore. The registered office is situated at 481/B, IV Phase, Peenya Indl Area, Peenya, Bangalore - 560 058. -.

Board of Directors	Mr. Naseer Ahmed Mr. Arumugham Mr. Thiagarajan
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The Shareholding pattern as on 16/07/2012 is as follows:

Sr. No	Category	No. of shares held of ₹ 100/- each	% of total share capital
1	Scotts Garments Ltd.	2,70,000	42.45
2	Monsoon Real Estate Pvt. Ltd.	2,00,000	31.45
3	MAF Knits	1,00,000	15.72
4	Mr. Naseer Ahmed	40,500	6.37
5	Mr. Munnavar Jaliwala	12,500	1.97
6	Mr. Faizal Jaliwala	12,500	1.97
7	Mr. Arumugham	500	0.07
	Grand Total	6,36,000	100.00

Brief Audited Financials

(₹ in Lacs)

Particulars	2009-10	2010-11	2011-12
Equity Share Capital at ₹ 100/- each	1.00	1.00	636.00

Particulars	2009-10	2010-11	2011-12
Reserves & Surplus	Nil	Nil	307.84
Total Income	Nil	Nil	219.85
Profit After Tax	(0.25)	(7.16)	(89.39)
Earnings Per Share (₹)	NA	NA	NA
Net Asset Value Per Share (₹)	26.91	(685.07)	148.40

Common Pursuits

Except for the sale of Ready Made Garments to one of our group companies i.e. Inmark Retail Private Limited we do not have any common pursuits with any of our group companies

Further, the Company has agreed to seek shareholders approval through postal ballot route and/or general meeting for the period of 5 years in regard to every transaction with related party(ies) wherein the amount exceeds ₹ 10.00 crores and every transaction with related party wherein the aggregate amount to one such entity during the period of one financial year exceeds ₹ 20.00 crores excluding the approvals relating to any personal guarantee given by the Promoter(s)/Promoter Group. The promoter(s) of the Company shall refrain from voting in respect of such resolutions as mentioned above.

Defunct Promoter Group Companies

There are no defunct Promoter Group companies.

Business interest amongst group companies

Presently, we do not have any business interest in our group companies

Interest of Promoter

Our promoters may be deemed to be interested to the extent of the remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoter may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. For further details please refer Related Party Transaction appearing on page no 197 of this Offer Document.

Except as mentioned above the promoter do not have any interest in the business of the company.

Payment or benefit to Promoter of the Issuer Company

Other than the salary and remuneration of the Promoter Directors, dividend, if any declared by the Company on shares held by them, there are no payment or benefit to promoter of the Company.

Company/firm from which the promoter have disassociated themselves during preceding three years

Our promoter has not disassociated himself with any of our group companies/firm during the preceding three years except for CKM Investments Limited

Related Party Transactions as per Audited Financial Statements

The details of related party transactions please refer to page no. 197 of this Red Herring Prospectus.



CURRENCY OF PRESENTATION

In this RHP, all references to ₹ or “Rupees” “₹” are to the legal currency of India and all references to “U.S. Dollars”, and “US\$” are to the legal currency of the United States.

Any percentage amounts, as set forth in “Risk Factors”, “Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” etc. in the RHP, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Restated Financial Statements prepared as per Indian GAAP.

For the convenience of the Shareholders, as far as possible the reporting unit has been maintained as Rupees in Lacs (Rupees in Hundred Thousands).

DIVIDEND POLICY

The Board of Directors of the company may, at its discretion, recommend dividend to be paid to the members of the company. The factors that may be considered by the Board before making any recommendations for the dividend includes but not limited to profits/earnings during the financial year, liquidity of the company, need for reserving resources for future growth, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time etc.

Dividend will be declared and approved at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may also from time to time pay to the members interim dividend if it considers justified by the profits generated by the company.

We have declared dividend for the last 3 consecutive years and the details of the same are as under:

Financial Year	Dividend paid
2011-12	10%
2010-11	10%
2009-10	10%

PART II
SECTION IV: FINANCIAL STATEMENTS

AUDITORS' REPORT

(As required by Part II of Schedule II to the Companies Act, 1956)

To,
The Board of Directors,
Scotts Garments Ltd
481-B, IVth Phase, Peenya Industrial Area,
Bangalore - 560 058.

1. We have examined the attached financial information of **SCOTTS GARMENTS LTD** as approved by the Board of Directors of the Company prepared in terms of the requirements of Paragraph B, Part II of Schedule II of the Companies Act, 1956 (the Act) and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (SEBI Regulation) and terms of our engagement agreed with you in accordance with our letter dated 10th July, 2010 in connection with the proposed Equity offering.

The preparation and presentation of these financial information is the responsibility of the Company's management.

2. We have, in terms of Securities and Exchange Board of India (ICDR) Regulations, 2009 re-audited the Balance Sheet of M/s SCOTTS GARMENTS LTD as at 31st October 2012, 31st March, 2012 & 31st March 2010 the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, which have been audited by M/s Siddaiah & Ram, Chartered Accountants, Bangalore. In our opinion and to the best of our information and according to the explanation given to us, and also as per the reliance placed on the reports for the financial year ending on 31st March 2011, 31st March 2009, and 31st March 2008 submitted by the Statutory Auditors, M/s Siddaiah & Ram, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principle generally accepted in India.
3. We have examined the attached 'Summary Statement of Assets and Liabilities' as restated of the Company as at 31st October, 2012, 31st March, 2012, 31st March, 2011, 31st March, 2010, 31st March, 2009 and 31st March, 2008 (Annexure I) and the attached ' Summary Statement of Profit and Loss' as restated (Annexure II) and the attached 'Summary Statement of Cash Flow' as restated (Annexure III) for the period ended 31st October, 2012, for the financial years ended on 31st March, 2012, 31st March, 2011, 31st March, 2010, 31st March, 2009 & 31st March, 2008 together referred to as 'Restated Summary Statements'. These Summary Statements have been extracted from the re-audited financial statements for the period ended 31st October, 2012, March 31, 2012 and 31st March 2010 and audited financial statements for the period ended 31st March, 2011, 31st March, 2009 & 31st March, 2008. The re-audit for the period ended 31st October, 2012 financial year ended 31st March, 2012 and 31st March 2010 was conducted by us and audit for the financial year ended March 31st March, 2011, 31st March, 2009 & 31st March, 2008 was conducted by the statutory auditors, M/s, Siddaiah & Ram, Chartered Accountants. The financial information included for the financial year ended March 31, 2011, March 31, 2009 & March 31, 2008 are based on reports submitted by them and have been relied upon by us while expressing our opinion and reporting on various restated financial information and annexures thereof expressly stated in the following paragraphs.
4. Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have been accordingly used in the standalone financial information.

5. Based on above and also as per the reliance placed on the reports submitted by the previous auditors, Siddaiah & Ram, Chartered Accountants for the respective periods and year we state that:

i) The 'Summary Statements' have to be read in conjunction with the Significant Accounting Policies and Notes to Accounts given in **Annexure IV** as well as with the Audit report on the financial statements

ii) The profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate in the year/period to which they relate.

iii) The accounts as given in the enclosed statements do not require any restatement except to the extent of merger effect has been given in restated summary statements for the year ended 31st March, 2008 & 31st March, 2009 as the effective date of amalgamation of Arora Fashions Ltd with Scotts Garments Ltd is 2nd February, 2008 as per the order of Hon'ble high court of Karnataka dated 6th February, 2010, since:

1. There have been no adjustments for the changes in accounting policies retrospectively in respective financial years.

2. There have been no material adjustments in the respective financial years to which they relate.

3. There are no extra ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

6. Other Financial Information

We have also examined the following other financial information set out in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the period ended 31st October, 2012, 31st March, 2012, 31st March, 2011, 31st March, 2010, 31st March, 2009 & 31st March, 2008.

- a) Annexure IV - Significant Accounting Policies & Notes on restated financial statements.
- b) Annexure V- Statement of Share capital
- c) Annexure VI- Statement of Reserves & Surplus.
- d) Annexure VII(a)- Statement of Long term borrowings
- e) Annexure VII(b)- Statement of Short term borrowings
- f) Annexure VII(c)- Details of terms and conditions of Secured loans.
- g) Annexure VIII- Statement of Tangible assets & Intangible assets
- h) Annexure IX- Statement of Trade receivables
- i) Annexure X- Statement of Long term loans & advances
- j) Annexure XI- Statement of Short term loans & advances
- k) Annexure XII - Statement of Investments.
- l) Annexure XIII- Statement of Inventories.
- m) Annexure XIV- Statement of Cash & Cash Equivalent.
- n) Annexure XV- Statement of Other Current Assets.
- o) Annexure XVI- Statement of Trade payables.
- p) Annexure XVII- Statement of Other Current Liabilities

- q) Annexure XVIII- Statement of Other long term liabilities.
 - r) Annexure XIX- Statement of Short Term Provisions.
 - s) Annexure XX - Statement of Other Income.
 - t) Annexure XXI - Statement of Other expenses.
 - u) Annexure XXII - Statement of Tax Shelter
 - v) Annexure XXIII - Statement of Dividend Paid
 - w) Annexure XXIV - Statement of Key Accounting Ratios
 - x) Annexure XXV - Statement of Capitalization
 - y) Annexure XXVI - Statement of Related Party Transaction
 - z) Annexure XXVII - Statement of Contingent Liabilities.
7. In our opinion, the 'Financial Information as per Re-audited/Audited Financial Statements' and 'Other Financial Information' mentioned above read with Significant Accounting Policies and Notes to Accounts appearing in Annexure IV & the audit report for the period ended 31st October, 2012, 31st March 2012, 31st March 2011, 31st March, 2010, 31st March 2009 & 31st March, 2008 have been prepared in accordance with Part II of schedule II of the Act, and the SEBI Regulations.
8. This report should, in any way, neither be construed as a re-issuance nor re-dating of any of the previous audit reports by us nor should this be construed as a new opinion on any of the Financial Statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For G Anantha & Co.,
Chartered Accountants

Sd/-

N. Raama Prasad
Name of the Auditor
Partner
Membership No.: 200/029621
Firm Registration No: 005160S

Place: Bangalore
Date: 10/01/2013

ANNEXURE I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Non-current assets						
Fixed assets						
Tangible assets	16,403.71	16,346.42	11,890.56	11,242.26	8,777.11	7,441.88
Intangible assets	1,045.12	1,475.46	2,213.18	2,950.92	3,688.65	3,688.65
Capital work-in-progress	4,975.40	2,453.48	1,645.63	16.78	50.82	112.93
Non-current Investments						
Investments in Equity instruments	5,069.64	5,018.84	2,665.00	1,665.00	1,665.00	887.00
	-					
Long term loans and advances	598.73	581.23	629.17	502.65	472.69	338.83
Total non-current assets	28,092.61	25,875.43	19,043.54	16,377.61	14,654.27	12,469.29
Current assets						
Inventories	22,268.66	21,688.99	16,576.29	11,148.51	8,134.25	4,947.80
Trade Receivables	6,804.47	7,592.33	7,996.17	7,898.89	8,496.53	7,691.05
Cash and cash equivalents	620.66	552.76	738.53	484.32	602.21	579.07
Short-term loans and advances	2027.21	2,048.68	2,467.62	3,511.07	1,719.08	1,817.21
Other current assets	2,531.06	2,917.94	2,420.48	1,829.95	797.90	846.83
Total current assets	34,252.05	34,800.70	30,199.09	24,872.74	19,749.97	15,881.96
Non-current liabilities						
Long-term borrowings	8,414.27	7,326.63	5,305.53	5,143.58	4,586.01	7,306.11
Deferred tax liabilities (net)	1,233.26	1,208.02	775.17	876.20	388.01	97.47
Other long term liabilities	289.12	224.99	228.38	174.94	108.63	39.42
Total non-current liabilities	9,936.65	8,759.64	6,309.08	6,194.72	5,082.65	7,443.00
Current liabilities						
Short term borrowings	19,104.08	18,079.52	17,335.64	11,886.67	9,529.61	6,964.42
Trade payables	3645.96	6,852.18	6,708.40	6,235.85	5,255.91	3,591.72
Other current liabilities	3746.80	3,033.95	2,525.85	2,366.85	2,198.05	1,182.63
Short-term provisions	1587.79	1,166.59	934.88	1,581.00	1,077.46	1,728.35
Total current liabilities	28,084.63	29,132.24	27,504.77	22,070.37	18,061.03	13,467.12
Net Worth	24,323.38	22,784.25	15,428.78	12,985.26	11,260.56	7,441.13

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Net worth represented by:						
Shareholders Funds						
Share Capital						
Equity share capital	2,673.83	2,673.83	2,673.83	2,673.83	2,673.83	2,473.83
Reserves & surplus						
Securities premium	2,496.96	2,496.96	2,496.96	2,496.96	2,496.96	1,296.96
Amalgamation reserve	40.00	40.00	40.00	40.00	40.00	40.00
Profit and loss account	19,112.59	17,573.46	10,217.99	7,774.47	6,049.77	3,630.34
Net worth	24,323.38	22,784.25	15,428.78	12,985.26	11,260.56	7,441.13

ANNEXURE II

SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Revenue from operations	32,939.87	50,025.46	49,527.73	43,017.07	36,387.70	33,113.23
Other income	593.43	6,587.83	847.14	418.91	1,055.86	162.72
Total revenue	33,533.31	56,613.29	50,374.88	43,435.98	37,443.56	33,275.95
EXPENSES						
Cost of raw material and components consumed	17,846.06	29,019.10	22,112.77	22,142.10	20,232.41	17,651.62
Changed in inventories of finished goods and traded goods	395.77	(3,538.98)	569.44	(2,517.85)	(2,117.39)	(750.28)
Other expenses	10,027.38	17,372.02	20,022.64	16,602.70	13,381.50	11,161.83
Total expenditure	28269.23	42,852.13	42,704.85	36,226.95	31,496.52	28,063.17
Earnings before interest, tax, depreciation and amortization (EBITDA)	5,264.08	13,761.16	7,670.02	7,209.03	5,947.04	5,212.78
Depreciation	1158.90	1,442.12	1,452.06	1,239.81	990.34	851.87
Finance charges	1,114.98	2,082.23	1,491.41	1,644.61	1,236.19	851.28
Profit before tax	2,990.20	10,236.81	4,726.55	4,324.61	3,720.51	3,509.63
Less: Tax expense						
Current tax expense	923.93	1,400.00	1,334.53	1,052.18	708.09	1,097.50
Deferred tax (credit)/charge	25.23	432.85	(101.03)	488.19	290.54	187.42
Total tax expense	949.15	1,832.85	1,233.50	1,540.37	998.63	1,284.92
Profit after taxation	2041.05	8,403.95	3,493.06	2,784.24	2,721.88	2,224.71

ANNEXURE III
SUMMARY STATEMENT OF CASH FLOWS AS RESTATED

(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
A. Cash flow operating activities						
Net Profit before prior period item, tax and extraordinary items	2990.20	10,236.81	4,726.55	4,324.61	3,720.51	3,509.63
Adjustment for:						
Depreciation/amortisation	1158.90	1,442.12	1,452.06	1,239.81	1,014.26	851.88
Finance charges & loss on variation on foreign exchange rates	1114.98	1,643.91	1,491.41	1,644.61	1,236.20	851.28
Bad debts written off	-	0.42	-			
Profit on sale of fixed assets	-	-	-	15.26	(1.55)	2.27
Loss on Sale of investment	-	-	-		(869.43)	(20.02)
Dividend income/capital gain		(5,998.07)	(49.80)	(49.80)	(60.00)	(184.88)
Operating profit before working capital changes	5264.08	7,325.19	7,620.22	7,174.49	5,039.99	5,010.16
Adjustment for:						
Increase in inventories	(579.66)	(5,112.70)	(5,427.78)	(3,014.27)	(3,186.44)	(1,376.39)
Increase / (decrease) in trade payables	(2798.01)	341.66	744.16	1,078.93	879.43	369.92
Decrease / (increase) in trade receivables	787.87	140.74	(679.19)	(805.08)	128.12	(3,664.72)
(Increase)/Decrease in loans & advances	390.85	232.52	(832.14)	(1,265.63)	(1,006.92)	25.00
Income taxes paid (net of refund)	(205.10)	(1,028.12)	(1,431.17)	(740.44)	(745.56)	(1,444.26)
Net cash generated / (utilized) from operating activities	2860.03	1,899.29	(5.90)	2,428.00	1,108.62	(1,080.29)
B. Cash flow from investing activities						
Purchase of fixed assets	(3766.92)	(6,785.09)	(3,728.18)	(3,730.71)	(2,751.39)	(2,437.45)
Purchase of non-current investment	(50.80)	(4,972.06)	-			
Sale of non-current investment	-	8,359.28	-		91.43	(5,433.98)
Dividend Received	-	48.90	49.80	49.80	60.00	24.88
Capital Subsidy	28.36	78.29	-	-	-	-

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Net cash utilized investing activities	(3,789.36)	(3,270.68)	(3,678.38)	(3,680.91)	(2,599.96)	(7,846.55)
C. Cash from Financing activities						
Interest paid	(1,114.98)	(1,556.35)	(1,491.41)	(1,644.61)	(1,236.20)	(851.28)
Increase in share capital	-	-	-	-	200.00	1,112.50
Share premium received	-	-	-	-	1,200.00	1,297.00
(Repayments) / proceeds of long term borrowings	2112.21	3,053.74	5,741.70	3,092.46	3,150.69	5,148.93
Dividend & dividend distribution tax	-	(311.79)	(311.79)	(312.82)	(289.43)	(155.20)
Interest income received	-	-	-	-	-	159.70
(Repayments) / proceeds of unsecured loans	-	-	-	-	(1,510.65)	1,510.70
Net cash generated from/ (utilised in) financing activities	997.23	1,185.60	3,938.50	1,135.03	1,514.41	8,222.35
Net Increase / (decrease) in cash and cash equivalents	67.90	(185.79)	254.22	(117.88)	23.07	(704.49)
Cash and cash equivalents at the beginning of the year	552.76	738.54	484.32	602.21	579.13	1,283.62
Cash and cash equivalents at the end of the year	620.66	552.76	738.54	484.33	602.20	579.13

Annexure IV**I. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES****➤ Basis of Preparation of Financial Statements:**

The Financial Statements are prepared under the historical cost concept and accrual basis of accounting in accordance with the Generally Accepted Accounting Policy (GAAP) in India and complies with the accounting standards prescribed under Companies Act, 1956, to the extent applicable.

➤ Use of Estimates:

The preparation of the financial statements is in conformity with the accounting standards generally accepted in India requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known or materialise.

➤ Fixed Assets:

Tangible assets are stated at their original cost plus all costs directly attributable to bringing the asset to its working condition for its intended use.

Intangible assets are recognized;

(i) when it is probable that the future economic benefits that are attributable to the assets will flow to the Company; and

(ii) cost of the asset is measured reliably.

Intangible assets are measured initially at cost.

➤ Depreciation/Amortisation:

Depreciation has been provided following Written Down Value (WDV) method, at the rates prescribed in the Schedule XIV of the Companies Act, 1956. Depreciation in respect of assets acquired during the year has been provided pro-rata from the date such assets are acquired / put to use.

The goodwill is amortised over the period of five years

➤ Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged off to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior year accounting period is reversed if there has been a change in the estimate of recoverable amount.

➤ Inventories:

Inventories are valued at lower of cost or net realizable value. The cost is determined on weighted average cost. Obsolete, defective and unserviceable stocks are duly provided for.

➤ Investments:

Long Term investments are stated at cost. Provision for diminution in the value of long term investment is made only if such decline other than temporary
Current investments are stated at lower of cost, quoted/fair value. Computed category wise.

➤ Revenue Recognition:

Domestic and Export sales are accounted on dispatch of goods to customer. Sales are recorded net after trade discount, wherever applicable.

➤ Foreign Currency Transactions:

- (i) Foreign Currency Transactions are accounted, on initial recognition, by applying to the foreign currency amount the exchange rate prevailing at the date of the transaction.
- (ii) Foreign currency monetary items as at the Balance sheet date are reported at the exchange rate prevailing as on that date.
- (iii) Foreign currency non - monetary items are reported at the exchange rate at the date of transaction.

The exchange difference arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded, recognized as income or expense in the period in which they arise except exchange difference arising on reporting of long - term foreign currency monetary items, in so far they relate to the acquisition of a depreciable capital asset in which case it is added to or deducted from carrying amount of the asset.

➤ Employee Benefits:

i) Short - term employee benefits:

Undiscounted amount of short-term employee benefits are recognized in the period in which the employee has rendered service.

The cost of short - term accumulating compensated absences that are vested, measured and recognized on actuarial basis.

The expected cost of bonus payments are measured and recognized when Company has present obligation to make such payments as a result of employee rendered service.

ii) Post - employment benefits:

Post-employment benefits under defined contribution scheme such as Provident Fund and Employees State Insurance, recognized during the period in which employee has rendered service on actual liability basis.

Post-employment benefits under defined benefit scheme (unfunded) such as gratuity, is accounted as per actuarial valuation.

➤ Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the costs of such assets till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

➤ Earning Per Share:

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

Diluted earning per share is calculated and presented when there are potential equity shares.

When the weighted average number of equity shares changed in the current period as a result of bonus issue or share split or reverse share split, the calculation of basic and diluted earning per share is presented for all the periods presented.

➤ Provision for Income Tax:

Provision for current tax is made on the basis of taxable income for the current accounting period calculated in accordance with the provisions of Income Tax Act, 1961. Deferred tax as a result of timing differences between accounting income and taxable income for the period is accounted using tax rates that have been enacted or substantially enacted as on balance sheet date.

Deferred tax asset is recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

➤ Provisions, Contingent Liabilities and Contingent Assets:

A provision involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are not recognised but are disclosed when the possibility of any outflow in settlement is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.

➤ Segment Reporting:

The Company is mainly engaged in the business of manufacture of readymade garments. Considering the nature of business and financial reporting, the Company has only one segment viz, garments as a reportable segment.

In the opinion of the and to best of their knowledge and belief the value of realization of Loan, Advances, Current Assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

There are no micro and small scale business enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st October, 2012. This information to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006, has been determined to the extent such parties have been identified on the basis of the information available with the company.

The financial statements for the period ended 31st October 2012, and year ended 31st March 2012 are prepared under revised schedule VI as well as Guidance Note issued by the Institute of Chartered Accountants of India. Accordingly the previous year figures have also been reclassified to conform to the year's classification

The financials statement for the year ended 31st March 2011, 2010, 2009 & 2008 had been prepared as per the then applicable pre revised schedule VI to the companies Act 1956.

II. NOTES TO RESTATED FINANCIAL STATEMENT - Annexure IV

1. Disclosure pursuant to Accounting Standard-15 "Employee Benefits"

The employees' Gratuity Scheme & Compensated Absences are defined benefit plans. The present obligation is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

₹ in lacs

Sl. No	Particulars	31.10.2012		2011-12		2010-11		2009-10	
		Gratuity	Compensated absences	Gratuity	Compensated absences	Gratuity	Compensated absences	Gratuity	Compensated absences
1)	Assumption:								
	Discount Rate	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.00%	8.00%
	Salary escalation	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
2)	Present Value of Obligation								
	Present value of obligations as at beginning of year	157.48	146.18	159.20	209.10	174.9	191.9	108.6	77.4
	Interest cost	11.15	5.06	13.6	11.5	12.9	11.1	8.2	3.9
	Service cost	81.06	54.70	70.2	87.6	74.8	101.3	71.2	150.4
	Benefits settled	(26.62)	(105.61)	(136.6)	(171.4)	(28.3)	106.3	12.5	55.8
	Actuarial (Gain) / Loss on obligation	1.47	4.32	49.3	5.7	(6.0)	23.5	(0.70)	15.8
	Present value of obligation as at end of year	289.12	113.44	225.0	154.9	228.4	221.5	174.9	191.9
3)	Fair Value of plan assets								
	Fair value of plan assets at beginning of year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Expected return on plan assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Contribution	26.62	105.61	136.6	171.4	28.3	106.3	12.4	55.7
	Benefits paid	26.62	105.61	136.6	171.4	28.3	106.3	12.4	55.7
	Actuarial (gain) / loss on obligations	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Fair Value of plan	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

	assets at the end of year								
	Funded status	289.12	113.43	225.0	154.9	228.4	221.5	174.9	191.9
4)	The amounts to be recognized in the balance sheet								
	Present value of obligations as at the end of year	289.12	113.43	225.0	154.9	228.4	221.5	174.9	191.9
	Fair value of plan assets as at the end of the year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Funded status	289.12	113.43	225.0	154.9	228.4	221.5	174.9	191.9
5)	Expenses recognized in statement of Profit and loss								
	Current service cost	81.06	54.70	70.2	87.6	74.8	101.3	71.2	150.4
	Interest cost	11.16	5.06	1.36	1.15	1.29	1.11	0.82	0.39
	Expected return on plan assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Net actuarial (gain) / loss recognized in the year	(1.47)	4.31	49.3	5.8	(6.0)	23.5	6.00	15.9
	Expenses recognized in statement of profit and loss.	78.30	51.76	138.0	138.2	81.7	135.9	78.8	170.3

Note: Provision for Gratuity & compensated absence for the financial years 2007-08, 2008-09 was made based on estimated liability, actuarial valuation was taken from financial year 2009-10.

2. Value of Imports calculated on C.I.F basis:

₹ in lacs

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
4. Raw materials (Fabric)	1249.84	969.3	1420.7	543.4	826.9	1564.9
5. Components and spare parts	1010.73	692.4	1280.4	601.2	570.2	20.6
6. Capital Goods	964.20	711.3	604.8	1062.3	493.1	481.7

3. Earnings in Foreign Currency:

₹ in lacs

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Earnings:						
Export of goods (F.O.B. basis)	28136.54	42584.8	40367.7	34302.8	41038.4	28627.2

4. Expenditure in Foreign Currency on account of:

₹ in lacs

<u>Expenses:</u>	31 ST October, 2012	31 st March 2012	31 st March 2011	31 st March 2010	31 st March 2009	31 st March 2008
Foreign travelling	31.10	20.8	27.3	16.3	20.4	23.5
Professional fee	59.70	3.4	Nil	Nil	3.3	13.7
Others	-	-	-	-	-	11.2

5. Effect of merger of subsidiaries.

- a) Scotts Garments Ltd had a subsidiary by name Scotts Clothing (P) Ltd. This subsidiary company was merged with Scotts Garments Private Ltd vide order of Hon'ble High Court of Karnataka dated 02nd April, 2007; hence the figures for the year ending 31.03.2006 are not comparable with 31.03.2007 as the effective date of amalgamation was 01.04.2006.

The scheme has been accounted for under the 'Pooling of Interest method' as prescribed by Accounting Standard 14 on - "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India. In Consideration of the above, 600000 equity shares of Rs. 10/- each of the company were issued to the shareholders of the SCPL in the ratio of six fully paid up equity shares of Rs. 10/- each of the Company for every one fully paid up equity share of Rs. 100 each held in SCPL. In terms thereof, the difference between the considerations, being the shares issued to shareholder of SCPL pursuant to amalgamation, and book value of equity shares acquired is treated as capital reserve. The balance outstanding in general reserves of SCPL is transferred to general reserve of the company.

- b) Scotts Garments Ltd acquired M/s Arora Fashions Ltd on a 100% takeover from 01.02.2008 and it became a wholly owned subsidiary and this was merged with Scotts Garments Ltd vide order of Hon'ble High Court of Karnataka dated 06th February, 2010; hence the figures of 31.03.2007 are not comparable with 31.03.2008 as the effective date of amalgamation was 02.02.2008. Purchase method of accounting is followed to reflect the amalgamation.

The scheme provided that the authorized share capital of transferee company (SGL) shall automatically stand increased without any further act, instrument or deed and consequent up on the amalgamation, the authorized share capital of the transferee company will be Rs. 44,00,00,000/- (Rupees Forty Four Crores) comprising of 4,40,00,000/- (Four Crores Forty Lacs) equity shares of Rs. 10/- each. Since the entire shares of Arora Fashions Ltd was held by the company, on merger of Arora Fashions Limited into Scotts Garments Limited, all these shares cancelled and no allotment of shares or cash is paid as consideration for amalgamation. The difference between net identifiable assets of Arora Fashions Ltd and the cost of shares of Arora Fashions Ltd is Rs. 36,88,64,657 and it is accounted as Goodwill. Goodwill amount will be amortised over a period of five years.

6. Capacity Utilisation

No's in lacs

Particulars	Units	October 2012	2012	2011	2010	2009	2008
<u>Actual Production</u>							
Woven/Denim	Pieces	37.36	99.10	80.50	58.70	44.90	36.10
Knitts	Pieces	89.99	81.70	101.80	113.60	103.70	45.40
<u>Turnover</u>							



Particulars	Units	October 2012	2012	2011	2010	2009	2008
Woven/Denim	Pieces	37.71	95.80	82.50	56.10	44.10	35.90
Knitts	Pieces	81.55	81.30	99.70	111.90	101.60	42.20
Stock of Finished Goods							
Woven/Denim	Pieces	4.68	5.00	2.30	4.40	1.90	1.20
Knitts	Pieces	7.39	9.70	9.30	7.20	5.50	3.50

7. Deferred Tax Asset/ (Liability)

₹ in lacs

Particulars of Timing Difference between Book Profit and Tex Profit	As at 31 st October, 2012	As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008
Depreciation allowance (WDV difference)	(1045.82)	(1074.00)	(982.00)	(1026.20)	(494.20)	(61.00)
Provision for Gratuity	(93.82)	(12.6)	74.10	58.10	36.90	3.10
Provision for Leave Encashment	(36.81)	(44.80)	71.80	63.80	26.30	8.10
Provision for Bonus	(56.78)	(76.6)	60.90	28.20	39.80	Nil
Expenses disallowed in the earlier year u/s 40a(ia) - but allowed in the year of payment of tax	--	--	--	--	0.30	--
TOTAL (NET)	(1233.25)	(1208.00)	(775.20)	(876.20)	(390.90)	(49.70)

ANNEXURE- V

STATEMENT OF SHARE CAPITAL

(₹ in Lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Authorised shares						
Equity shares of Rs. 10 each (Numbers)	4,40,00,000	4,40,00,000	4,40,00,000	4,40,00,000	4,00,00,000	4,00,00,000
Equity shares of Rs. 10 each (Rs.)	4,400.00	4,400.00	4,400.00	4,400.00	4,000.00	4,000.00
Issued, subscribed and fully paid up						
Equity shares of Rs. 10 each (Numbers)	2,67,38,250	2,67,38,250	2,67,38,250	2,67,38,250	2,67,38,250	2,47,38,250
Equity shares of Rs. 10 each (Rs.)	2,673.83	2,673.83	2,673.83	2,673.83	2,673.83	2,473.83
Capital account	2,673.83	2,673.83	2,673.83	2,673.83	2,673.83	2,473.83

Notes on adjustments for Restated Financial Statements forms integral part of this Statement of share capital.

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
At the beginning of the period	2,67,38,250	2,67,38,250	2,67,38,250	2,67,38,250	2,47,38,250	1,30,13,250
Issue of Equity Share	-	-	-	-	20,00,000	1,17,25,000
Outstanding at the end of the period	2,67,38,250	2,67,38,250	2,67,38,250	2,67,38,250	2,67,38,250	2,47,38,250

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Equity shares allotted as fully paid bonus shares by capitalization of securities premium and reserves and surplus	NIL					

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Number of shares						
Naseer Ahmed	1,26,44,500	1,26,44,500	1,26,44,500	1,26,44,500	1,26,44,500	1,26,44,500
Pedigree Construction Private Limited	48,31,250	48,31,250	48,31,250	48,31,250	48,31,250	48,31,250
B.R. Machine Tools Private Limited	30,05,500	30,05,500	30,05,500	30,05,500	30,05,500	30,05,500
Bombay Rayon Fashions Limited	20,00,000	20,00,000	20,00,000	20,00,000	20,00,000	-
% holding in class						
Naseer Ahmed	47.29%	47.29%	47.29%	47.29%	47.29%	60.74%
Pedigree Construction Private Limited	18.07%	18.07%	18.07%	18.07%	18.07%	22.50%
B.R. Machine Tools Private Limited	11.24%	11.24%	11.24%	11.24%	11.24%	13.05%
Bombay Rayon Fashions Limited	07.48%	07.48%	07.48%	07.48%	07.48%	-

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

ANNEXURE- VI

STATEMENT OF RESERVES AND SURPLUS

Particulars	(₹ in Lacs)					
	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Securities premium account		-	-	-	-	-
Opening balance	2,496.96	2,496.96	2,496.96	2,496.96	1,296.96	-
Add: Premium on issue of equity shares	-	-	-	-	1,200.00	1,296.96
Less: Amount Utilized towards issue of fully paid bonus shares	-	-	-	-	-	-
7. Closing balance	2,496.96	2,496.96	2,496.96	2,496.96	2,496.96	1,296.96
		-	-	-	-	-
Amalgamation Reserve		-	-	-	-	-
Opening balance	40.00	40.00	40.00	40.00	40.00	40.00
8. Closing balance	40.00	40.00	40.00	40.00	40.00	40.00
		-	-	-	-	-
9. Surplus/ (deficit) in profit and loss account		-	-	-	-	-
Opening balance	17,573.46	10,217.99	7,774.47	6,049.77	4,111.82	1,405.63
Add: Profit for the year	1,539.12	7,355.46	2,443.52	1,724.71	1,937.95	2,224.71
	-	-	-	-	-	-
Closing balance	19,112.58	17,573.46	10,217.99	7,774.47	6,049.77	3,630.34

Notes on adjustments for Restated Financial Statements (Annexure IV) forms integral part of this Statement of reserves and surplus.

ANNEXURE VII(a)

STATEMENT OF LONG TERM BORROWINGS

(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Secured Long Term Borrowings *						
Term loan from bank						
Canara Bank	7,283.58	5,638.54	2,432.90	1,225.45	1,311.57	2,115.01
State Bank of India	423.16	508.16	652.39	725.61	615.34	-
Exim Bank	669.18	1,173.64	2,196.47	3,119.19	2,588.04	3,500.00
Federal Bank	-	-	-	19.57	40.24	122.40
Total	8405.92	7,320.34	5,281.76	5,089.83	4,555.19	5,737.42
Vehicle Loan						
Axis Bank	7.32	3.59	20.03	46.26	-	-
HDFC Bank	1.03	2.70	3.73	-	4.32	9.65
ICICI Bank	-	-	-	7.48	26.51	48.39
Total	8.35	6.29	23.76	53.74	30.82	58.04
Unsecured	-	-	-	-	-	-
Loan from BRFL	-	-	-	-	-	1,510.65
Total	8,414.27	7,326.63	5,305.53	5,143.58	4,586.01	7,306.11

* Note: The statement of long term borrowings doesn't include loans maturing within one year aggregating to Rs.3077.43 lacs. The details of the same are appearing in Annexure VII(c)

ANNEXURE VII(b)

STATEMENT OF SHORT TERM BORROWINGS

(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Secured						
From banks						
Working capital loan	18,904.08	18,079.52	17,335.64	11,886.67	9,529.61	6,964.42
Unsecured from Others	200.00					
Total	19,104.08	18,079.52	17,335.64	11,886.67	9,529.61	6,964.42

ANNEXURE TO VII (c)
DETAILS OF TERMS AND CONDITIONS OF SECURED LOANS OUTSTANDING AS AT 31ST OCTOBER, 2012

Sr. No	Nature of Secured Loan	Name of Financial Institution / Banks	Current maturities not included in long term borrowings	Non-Current maturities	Security	Interest % p.a	Repayment Schedule
1	Working Capital facility	Canara Bank	Nil	14061.82	Paripassu charge with SBI on stocks & receivables	LIBOR + 3.50%	Repayable on Demand
2	Working Capital facility	State Bank of India	Nil	4842.26	Paripassu charge with Canara Bank on stocks & receivables	LIBOR + 3.50%	Repayble on Demand
		Sub Total	Nil	18904.08			
3	Long Term Working Capital Loan	Exim Bank	875.00	480.43	First Pari Passu Charge on Factory Land & Building at 481 - A & 481 - B , Peenya Indl. Area, Plant & Machinery and Furniture & Fixtures.	12.40	16 Quarterly EMI Payable from January, 2010
4	Term Loan	Canara Bank	NIL	Nil	First Pari Passu Charge on Factory Land & Building at 481 - A & 481 - B , Peenya Indl. Area, Plant & Machinery and Furniture & Fixtures.	14.75	20 Quarterly Installments payable from June, 2007
5	Term Loan	Canara Bank	240.00	203.20	First Pari Passu Charge on Factory Land & Building at 481 - A & 481 - B , Peenya Indl. Area, Plant & Machinery and Furniture & Fixtures.	14.75	60 EMI payable from August, 2009
6	FCLR Term	Canara Bank	200.00	543.74	First Pari Passu	6 months	20 Quarterly

Sr. No	Nature of Secured Loan	Name of Financial Institution / Banks	Current maturities not included in long term borrowings	Non-Current maturities	Security	Interest % p.a	Repayment Schedule
	Loan				Charge on Factory Land & Building at 481 - A & 481 - B , Peenya Indl. Area, Plant & Machinery and Furniture & Fixtures.	LIBOR + 7.50%	payments payable from April 2011
7	Term Loan	Canara Bank	516.00	4154.04	Exclusive charge on project assets: Land 14.13 acres at Plot No. D-3, D-4, A-3, A-10, A-11, S-43, S-44 AND S-45(P), Plant & Machinery and other Misc. fixed assets at Doddabalapur being installed	14.25	28 Quarterly payments payable from September 2012
8	Term Loan	Canara Bank	864.00	2382.58	Exclusive Charge on Project assets: Land at Sy. Nos. 60, 30/1 & 32/1 total admeasuring 137214 square feet, Building and Plant & Machinery at Kolar being installed	14.25	24 Quarterly Payments payable from June 2013
9	Term Loan	Exim Bank	147.62	218.76	First Pari Passu Charge on Factory Land & Building at 481 - A & 481 - B , Peenya Indl. Area, Plant & Machinery and Furniture &	12.20	23 Quarterly Installments payable from March, 2011

Sr. No	Nature of Secured Loan	Name of Financial Institution / Banks	Current maturities not included in long term borrowings	Non-Current maturities	Security	Interest % p.a	Repayment Schedule
					Fixtures.		
10	Term Loan	State Bank of India	180.00	360.39	Exclusive charge on specific Plant & Machinery	13.90	74 Monthly EMI Payable from September 2009
11	Term Loan	State Bank of India	48.00	62.77	Exclusive charge on specific Plant & Machinery	13.85	36 Monthly EMI Payable from June 2011
		Sub Total	3070.62	8405.91			
12	Vehicle Loan	Axis Bank	2.20	Nil	Respective vehicle - Toyota Fortuner	7.85	35 Monthly EMI Payable from April, 2010
13	Vehicle Loan	Axis Bank	3.60	2.44	Respective Vehicle - Chevrolet Cruze	8.75	48 Monthly EMI payable from December 2010
14	Vehicle Loan	HDFC Bank	1.00	5.90	Respective vehicle - Hyundai I20	4.69	60 Monthly EMI Payable from November 2010
		Sub Total	6.80	8.34			

ANNEXURE VIII
STATEMENT OF TANGIBLE & INTANGIBLE ASSETS
(₹ In lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
TANGIBLE ASSETS						
LAND						
Gross Block	1,202.78	1,202.78	1,165.63	732.77	670.90	173.14
Less Accumulated Depreciation	-	-	-	-	-	-
Net Block	1,202.78	1,202.78	1,165.63	732.77	670.90	173.14
LAND & BUILDINGS						
Gross Block	952.04	952.04	932.36	823.04	372.92	324.91
Less Accumulated	322.46	284.10	211.61	133.74	115.20	98.62

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Depreciation						
Net Block	629.58	667.94	720.75	689.30	257.72	226.29
LEASE HOLD LAND - WIND MILL						
Gross Block	71.03	71.03	71.03	25.20	25.20	25.20
Less Accumulated Depreciation	-					
Net Block	71.03	71.03	71.03	25.20	25.20	25.20
SHOW ROOM						
Gross Block	33.96	33.96	33.96	33.96	33.96	33.96
Less Accumulated Depreciation	14.56	13.35	11.06	8.52	5.69	2.55
Net Block	19.40	20.61	22.90	25.44	28.27	31.41
PROJECT AT TARAPUR						
Gross Block	623.42	623.42	623.42	615.83	-	-
Less Accumulated Depreciation	-	-	-	-	-	-
Net Block	623.42	623.42	623.42	615.83	-	-
OFFICE BUILDING						
Gross Block	280.74	280.74	280.74	280.74	203.04	193.08
Less Accumulated Depreciation	64.85	58.33	46.63	34.30	25.04	15.77
Net Block	215.89	222.41	234.11	246.44	178.00	177.31
FACTORY BUILDINGS						
Gross Block	5,424.45	5,345.17	2,199.19	2,134.97	1,970.97	1,558.17
Less Accumulated Depreciation	1,149.54	887.49	711.83	547.50	386.33	249.35
Net Block	4,274.91	4,457.68	1,487.36	1,587.47	1,584.64	1,308.82
PLANT & MACHINERY						
Gross Block	14,067.91	13,003.25	10,428.05	9,463.01	7,450.08	6,669.87
Less Accumulated Depreciation	5933.08	5,237.92	4,368.53	3,475.62	2,705.45	2,080.48
Net Block	8,134.83	7,765.33	6,059.52	5,987.39	4,744.63	4,589.39
ELECTRICAL INSTALLATION						
Gross Block	590.32	585.53	547.38	491.23	411.23	373.57
Less Accumulated Depreciation	295.47	269.33	223.24	175.32	134.66	91.10
Net Block	294.85	316.20	324.14	315.91	276.57	282.47
FURNITURE & FIXTURES						
Gross Block	1053.11	1,042.67	1,021.88	863.45	774.72	344.75
Less Accumulated Depreciation	577.65	521.86	409.41	293.72	180.87	109.50
Net Block	475.46	520.81	612.47	569.73	593.85	235.25
FURNITURE & FIXTURES 100%						
Gross Block	37.59	37.53	37.53	37.53	37.53	33.84

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Less Accumulated Depreciation	37.59	37.53	37.53	37.53	35.94	33.54
Net Block	-	-	-	-	1.59	0.30
OFFICE EQUIPMENTS						
Gross Block	267.43	260.38	238.06	199.54	175.05	123.29
Less Accumulated Depreciation	135.46	120.28	93.27	73.72	56.12	42.26
Net Block	131.97	140.10	144.79	125.82	118.93	81.03
DATA PROCESSING EQUIPMENTS						
Gross Block	438.51	426.16	406.40	279.02	247.90	220.47
Less Accumulated Depreciation	356.11	330.94	272.06	219.91	191.85	164.81
Net Block	82.40	95.22	134.34	59.11	56.05	55.66
VEHICLES						
Gross Block	433.83	434.43	419.01	382.41	323.41	307.66
Less Accumulated Depreciation	314.11	292.53	249.40	200.08	166.32	114.28
Net Block	119.72	141.90	169.61	182.33	157.09	193.38
CIVIL WORK ON LEASED BUILDING						
Gross Block	20.61	20.61	20.61	19.46	4.03	4.03
Less Accumulated Depreciation	19.71	17.77	13.65	11.91	2.23	1.78
Net Block	0.90	2.84	6.96	7.55	1.80	2.25
MOBILE HANDSETS						
Gross Block	7.88	6.90	5.41	4.71	4.36	2.13
Less Accumulated Depreciation	7.88	6.23	5.10	4.43	2.92	2.13
Net Block	-	0.67	0.31	0.28	1.44	-
EFFLUENT TREATMENT PLANT						
Gross Block	185.31	148.10	148.10	92.56	89.80	60.68
Less Accumulated Depreciation	58.74	50.62	34.88	20.87	9.37	0.70
Net Block	126.57	97.48	113.22	71.69	80.43	59.98
Total Net Block	16403.72	16,346.42	11,890.56	11,242.26	8,777.11	7,441.88
Intangible Assets						
Goodwill	1,475.46	2,213.18	2,950.92	3,688.65	3,688.65	-
Amortized	430.34	737.72	737.74	737.73	-	-
Balance	1045.12	1,475.46	2,213.18	2,950.92	3,688.65	3,688.65
Capital Work-in-progress	4975.40	2,453.48	1,645.63	16.78	50.82	112.93

ANNEXURE IX
STATEMENT OF TRADE RECEIVABLES
(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Debt outstanding for a period exceeding six months (Unsecured considered good)						
Considered good	-	-	-	-	-	-
Considered doubtful	-	-	-	-	-	-
Debt outstanding for a period less than six months (Unsecured considered good)						
Other debts	5,825.31	7,270.03	7,996.17	7,898.89	8,496.53	7,691.05
Debts due from Group company						
Inmark Retail Private Limited	979.16	322.3	-	-	-	-
Total	6,804.47	7,592.33	7,996.17	7,898.89	8,496.53	7,691.05

ANNEXURE X
STATEMENT OF LONG TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
Unsecured considered good						
Security deposits	598.73	581.23	629.17	502.65	472.69	338.83
Total	598.73	581.23	629.17	502.65	472.69	338.83

ANNEXURE XI
STATEMENT OF SHORT TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
(Unsecured Considered good unless otherwise stated)						
a) Advance recoverable in cash or kind or value to be received						
Considered Good	2,027.21	2,048.68	2,305.62	2,770.63	1,164.25	471.56
Advance Taxes Paid		-	-	740.44	554.83	1,345.65
Advance to Promoter group company:						
Coppers coin realty private limited	-	-	162.00	-	-	-
Total	2,027.21	2,048.68	2,467.62	3,511.07	1,719.08	1,817.21

ANNEXURE XII
STATEMENT OF INVESTMENTS

(₹ in lacs)

Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
QUOTED in equity shares fully paid up						
Bombay Rayon Fashions Limited shares of Rs.10each	2,393.64	2,342.84	664.00	664.00	664.00	800.00
UN QUOTED in equity shares						
Inmark Retail Private Limited shares of Rs100 each	675.00	675.00	-	-	-	-
Bombay Rayon Clothing Limited	2,000.00	2,000.00	2,000.00	1,000.00	1,000.00	-
Scotts Fashionciti India limited	1.00	1.00	1.00	1.00	1.00	1.00
Benchmark Derivative Investment Fund	-	-	-	-	-	20.00

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
ICICI Prudential Fixed Maturity Plan	-	-	-	-	-	30.00
Standard Chartered FMP YLY Series 9	-	-	-	-	-	36.00
Total	5,069.64	5,018.84	2,665.00	1,665.00	1,665.00	887.00

ANNEXURE XIII
STATEMENT OF INVENTORIES

(₹ in lacs)

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Raw materials-(valued at cost)	12,796.77	11,821.33	10,247.62	4,250.41	3,754.00	2,679.70
Work-in-progress - (valued at cost)	4,956.19	5,676.66	3,509.43	3,424.19	2,937.63	1,482.18
Finished goods (valued at lower of cost or net realisable value)	4,514.97	4,190.99	2,819.25	3,473.91	1,442.62	785.92
Total	22,268.66	21,688.99	16,576.30	11,148.51	8,134.25	4,947.80

ANNEXURE XIV
STATEMENT OF CASH AND CASH EQUIVALENTS

(₹ in lacs)

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Cash on hand	38.97	29.27	33.83	32.62	24.57	22.87
Balances with banks						
(i) In current accounts	56.78	63.90	223.86	136.69	349.50	134.92
(ii) In deposit accounts (held as margin money)	524.91	459.59	480.84	315.01	228.14	421.28
Total	620.66	552.76	738.53	484.32	602.21	579.07

ANNEXURE- XV
STATEMENT OF OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Balance with government authorities	-	-	-	-	-	-
Export Incentive receivable	1,973.94	2,247.76	1,984.67	1,402.92	529.40	732.81
Vat & Subsidy receivable	557.12	670.17	435.81	427.03	268.50	114.02
Total	2,531.06	2,917.94	2,420.48	1,829.95	797.90	846.83

ANNEXURE - XVI
STATEMENT OF TRADE PAYABLES
(₹ in lacs)

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Trade payables						
(a) Due to Micro & Small Enterprises	-	-	-	-	-	-
(b) Due to other Creditors	3645.96	6,852.18	6,708.40	6,235.85	5,255.91	3,591.72
Total	3645.96	6,852.18	6,708.40	6,235.85	5,255.91	3,591.72

Note: Trade payable does not include any amount payable to promoter(s)/ promoter group and director of the company.

ANNEXURE- XVII
STATEMENT OF OTHER CURRENT LIABILITIES
(₹ in lacs)

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Statutory remittances	328.69	168.36	191.48	172.75	191.31	131.21
Over drawn bank balance	340.68	473.27	230.83	221.33	211.80	281.66
Current maturities of long term debt	3,077.43	2,392.32	2,103.54	1,972.77	1,794.94	769.76
Total	3,746.80	3,033.95	2,525.85	2,366.85	2,198.05	1,182.63

ANNEXURE- XVIII
STATEMENT OF OTHER LONG TERM LIABILITIES
(₹ in lacs)

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Gratuity Payable	289.12	224.99	228.38	174.94	108.63	39.42
Total	289.12	224.99	228.38	174.94	108.63	39.42

ANNEXURE- XIX
STATEMENT OF SHORT TERM PROVISIONS
(₹ in lacs)

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Provision for compensated absences	113.44	154.96	221.50	191.92	77.45	51.11
Provision for bonus	176.25	236.11	187.62	200.00	100.00	-
Provision for tax	1,254.73	464.77	213.97	877.29	587.19	1,387.82
Provision for proposed equity dividend	-	267.38	267.38	267.38	267.38	247.38

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Provision for tax on proposed dividend	43.37	43.37	44.41	44.41	45.44	42.04
Total	1,587.79	1,166.59	934.88	1,581.00	1,077.46	1,728.35

ANNEXURE XX
STATEMENT OF OTHER INCOME

(₹ in lacs)

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Interest Income	56.38	203.08	206.31	183.60	79.43	48.87
Dividend received	-	48.90	49.80	49.80	60.00	50.00
Foreign exchange gain	184.53	-	95.50	17.41	24.04	56.98
Profit on sale of Investments	-	5,949.16	-	-	869.43	-
Income from Windmill	221.35	347.91	353.26	167.34	12.47	5.04
Miscellaneous income	131.17	38.78	142.27	0.76	10.49	1.83
Total	593.43	6,587.83	847.14	418.91	1,055.86	162.72

ANNEXURE XXI
STATEMENT OF OTHER EXPENSES

(₹ in lacs)

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Employee cost	6000.00	9,971.23	10,376.43	8,254.27	6,241.74	4,744.42
Power and fuel & water	822.93	1,163.50	1,279.14	1,010.72	1,010.80	776.52
Rent including lease rentals	226.44	392.21	370.82	256.03	178.71	115.16
Repairs and maintenance	240.12	448.93	349.22	328.67	415.35	368.39
Dyeing & processing charges	435.98	1,412.22	1,673.42	1,798.55	1,836.19	1,370.72
Labour charges	865.20	1,755.98	3,259.69	2,218.69	1,227.69	1,468.29
Embroidery charges	48.27	240.74	525.02	288.37	335.27	290.20
Printing charges	144.93	107.15	210.20	493.87	255.67	370.38
Transportation charges	111.33	155.94	159.12	97.10	35.88	55.39
Freight and forwarding	337.70	725.05	883.20	717.96	870.70	635.35
Insurance	32.15	14.42	28.56	31.90	20.25	33.52
Rates and taxes	50.92	77.29	63.51	60.76	18.59	65.06
Travelling and conveyance	151.80	239.54	201.24	178.82	169.14	125.86
Printing and stationery	44.54	55.99	101.48	125.29	106.06	85.64
Postage & Courier charges	58.33	55.36	81.21	155.95	199.44	248.41
Business promotion	11.24	20.53	24.29	82.01	49.67	46.57
Documentation charges	2.06	30.57	55.63	46.75	37.63	16.70
Security charges	201.37	277.91	214.93	168.07	112.18	63.90
Donations and contributions	9.25	4.95	2.31	11.94	15.96	20.93
Legal and professional	79.62	93.32	49.43	56.99	51.82	81.24

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Payments to auditors	2.71	4.90	3.87	3.31	7.61	3.76
Telephone charges	30.91	52.05	46.25	44.03	78.33	40.94
Subscription, Books & periodicals	2.07	2.79	7.02	4.46	1.74	13.96
Advertisement expenses	6079	3.57	2.95	4.23	4.43	2.38
General expenses	56.73	65.89	53.70	163.96	100.67	118.16
Total	10,027.39	17,372.02	20,022.64	16,602.70	13,381.50	11,161.83

ANNEXURE XXII

STATEMENT OF TAX SHELTER

(₹ in lacs)

Sr. No	Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
A	Restated profit before tax	2,990.20	10,236.81	4,726.55	4,324.61	3,720.51	3,509.63
B	Tax rate(including surcharge and education cess)	32.44%	33.22%	33.22%	33.99%	33.99%	33.99%
C	Tax there on(including surcharge and education cess)	970.02	3,400.67	1,570.16	1,469.93	1,264.60	1,192.91
	Adjustments :						
D	Permanent Differences						
	Disallowance u/s 36(1)(a)	-	-	-	-	0.63	4.44
	FBT debited to P&L account	-	-	-	-	-	10.62
	Donation disallowed	-	2.00	17.87	11.94	15.95	12.17
	Dividend exempted	-	(48.90)	(49.80)	(49.80)	(60.00)	(50.00)
	Adjustments on profit /loss on sale of assets	-	(5,949.16)	-	15.26	(864.36)	1.66
	Donation under section 80G	-	-	-	0.25	-	(0.05)
	Income taxable under other heads	-	-	-	-	(7.61)	(20.02)
	Deduction under section 80JJAA	(200.00)	(700.00)	(698.07)	(577.90)	(412.35)	(86.92)
	Preliminary expenses shown separately						
	Total	(200.00)	(6,696.06)	(730.00)	(600.25)	(1,327.74)	(128.10)
E	Timing difference						
	Difference between book depreciation and tax depreciation as per Return of Income	57.91	111.98	(472.29)	(660.19)	(327.57)	(129.37)
	provision for Gratuity, Leave encashment and Bonus under section 43B	-	-	405.32	332.44	169.96	184.34
	Disallowance u/s 40(a) (ia)	-	-	-	-	0.40	10.33

Sr. No	Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
	Allowance u/s 40 (a)(ia) on payment	-	-	-	-	(9.15)	-
	Allowable expenses u/s 35D	-	-	(0.98)	-	-	(1.90)
	Allowable expenses u/s 35DD	-	-	-	(0.64)	-	-
	Disallowance of amalgamation expenses u/s 35DD	-	-	-	3.22	-	-
	Gratuity paid during the year	-	-	(24.02)	(12.16)	(23.34)	(4.58)
	Earned leave salary paid	-	-	(119.17)	(55.77)	(80.52)	(13.09)
	Bonus paid	-	-	(240.57)	-	(107.12)	(33.92)
	Total	57.91	111.98	(451.71)	(393.10)	(377.34)	11.81
F	Net adjustments (D+E)	(142.09)	(6,584.08)	(1,181.71)	(993.35)	(1,705.08)	(116.29)
G	Tax expenses or (savings) thereon (F*B)	(46.09)	(2,187.23)	(392.56)	(337.64)	(579.56)	(39.53)
	Tax liability (C+G)	923.93	1,184.29	1,177.60	1,132.29	685.04	1,153.38
	STCG	-	-	-	-	-	3.23
	LTCCG	-	228.26	-	-	1.20	0.41
H	Tax liability	923.93	1,412.55	1,197.69	1,132.29	686.24	1,157.02
I	Interest u/s 234A, 234B and 234C of the Income Tax Act, 1961	-	-	17.99	-	-	9.91
J	Total tax liability	923.93	1,412.55	1,215.68	1,132.29	686.24	1,166.93

Note:

1. The statement of tax shelter and adjustment have been prepared as per the summary statement of profit and losses, as restated, of the Company
2. Adjustment on account of restatement are considered in the tax shelter based on return of Income filed for respective years and latest tax assessment status positions
3. The permanent / timing difference also considers the income - tax returns filed by the company

ANNEXURE XXIII

SCHEDULE OF DIVIDEND PAID

(₹ in lacs)

Particulars	31 st October, 2012	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008
Equity share capital (Face value per share-Rs.10)	2673.83	2673.83	2673.83	2673.83	2673.83	2473.83
Dividend on equity shares (Final)						
Rate of dividend in (%)	NIL	10.00%	10.00%	10.00%	10.00%	10.00%
Amount	-	267.38	267.38	267.38	267.38	247.38
Corporate dividend tax	-	43.37	44.40	44.40	45.44	42.04

ANNEXURE XXIV

STATEMENT OF KEY ACCOUNTING RATIOS

(₹ in lacs)

Sr. No	Particulars	31st October, 2012	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
	Earnings per share (In Rs.)						
A	Net profit after tax as restated attributable to equity share holders	2,041.05	8,403.95	3,493.06	2,784.23	2,721.83	2,224.70
B	Weighted average no. equity shares outstanding during the year	26,735,250	26,735,250	26,735,250	26,735,250	24,904,917	16,845,165
C	Basic EPS (A/B)	6.62	31.43	13.06	10.41	10.93	13.21
	Return on Networth (%) (D/E)	8.39	36.88	22.64	21.44	24.17	29.90
D	Net profit after tax as restated attributable to equity share holders	2041.05	8,403.95	3,493.06	2,784.23	2,721.83	2,224.70
E	Networth	24,323.38	22,784.25	15,428.78	12,985.26	11,260.56	7,441.12
	Net Asset Value per equity share (F/G)(Rs.)	90.98	85.22	57.71	48.56	42.11	30.08
F	Total Assets less total liabilities	24,323.38	22,784.25	15,428.78	12,985.26	11,260.56	7,441.12
G	Weighted average no. equity shares outstanding during the year.	26,735,250	26,735,250	26,735,250	26,735,250	24,904,917	16,845,165

ANNEXURE-XXV

Statement of Capitalization

(₹ in lacs)

Sl. No	Particulars	Pre issue as at 31 st October, 2012	Post issue **
	Debt		
A	Short Term Debt	19104.08	--
B	Long Term Debt *	11491.69	--
C	Total Debt	30595.77	--
	Shareholders' funds		
D	Share capital	2673.83	--
E	Reserves and surplus	21649.55	--
F	Total shareholders fund	24323.38	--
G	Long term Debt/Equity(B/F)	0.47	--
H	Total Debt/Equity (C/F)	1.25	--

Note:

- 1) * Amount repayable within 1 year from 1st November 2012 is included in long term debt.
- 2) **The corresponding post issue figures are not determinable at this stage, pending completion of book-building process and hence have not been furnished.

ANNEXURE XXVI
STATEMENT OF RELATED PARTY TRANSACTION
A. Related parties
Name of related parties & description of relationship

31 st October, 2012	31 st March 2012	31 st March 2011	31 st March 2010	31 st March 2009	31 st March 2008
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Key Management Personnel

1.Mr.Naseer Ahmed, Managing Director	1.Mr.Naseer Ahmed, Managing Director	1.Mr.Naseer Ahmed, Managing Director	1.Mr.Naseer Ahmed, Managing Director	1.Mr.Naseer Ahmed, Managing Director	1.Mr.Naseer Ahmed, Managing Director
2.Mrs.Nuzhat Aisha Naseer Director	2.Mrs.Nuzhat Aisha Naseer Director	2.Mrs.Nuzhat Aisha Naseer Director	2.Mrs.Nuzhat Aisha Naseer Director	2.Mrs.Nuzhat Aisha Naseer Director	2.Mrs.Nuzhat Aisha Naseer Director

Associates/Enterprises over which directors and /or their relatives have significant influence

1. Scotts Fashionciti India Limited	1. Scotts Fashionciti India Limited	1.Scotts Plantations Pvt Ltd	1.Scotts Plantations Pvt Ltd	1.Scotts Plantations Pvt Ltd	1.Scotts Plantations Pvt Ltd
2. Scotts Plantations Private Limited	2. Scotts Plantations Private Limited	2. Scotts Fashionciti India Limited	2. Scotts Fashionciti India Limited	2. Scotts Fashionciti India Limited	2. Scotts Fashionciti India Limited
3. Scotts Metals and Mines Private Limited	3. Scotts Metals and Mines Private Limited	3. Scotts Metals and Mines Private Limited			3. Scotts Metals and Mines Private Limited
4. Scotts Infrastructure and Development Private Limited	4. Scotts Infrastructure and Development Private Limited	4. Scotts Infrastructure and Development Private Limited			4. Scotts Infrastructure and Development Private Limited
5. GFI Infrastructure Private Limited	5. GFI Infrastructure Private Limited	5. GFI Infrastructure Private Limited			
6. Coppers Coin Realty Private Limited	6. Coppers Coin Realty Private Limited	6. Coppers Coin Realty Private Limited			
7.Inmark Retail Private Limited	7.Inmark Retail Private Limited				
8. Scotts Apparels Private Limited	8. Scotts Apparels Private Limited				
9. Scotts Fashions Private Limited	9. Scotts Fashions Private Limited				
10. Scotts Wears Private Limited	10. Scotts Wears Private Limited				



11. Scotts Knits Private Limited	11. Scotts Knits Private Limited				
12. Pedigree Construction Private Limited	12. Pedigree Construction Private Limited				

B. Related Party Transactions

(₹ in lacs)

Particulars	31 st October, 2012	31 st March 2012	31 st March 2011	31 st March 2010	31 st March 2009	31 st March 2008
Remuneration to key managerial personnel	115.00	198.00	198.00	198.00	198.00	144.00
Guarantees Given by key managerial personnel	48040.00	48040.00	48040.00	45030.00	20530.00	4660.00
Loans given to associate companies	160.20	-	-	162.00	-	-
Investments made in associates	676.00	3008.70	1.0	1.0	1.0	1.0
Sale of investments in Associates	-	2413.70	-	-	-	-
Sale of Garments	1299.30	319.80	-	-	-	-
Receivable from associates	979.20	322.30	-	-	-	-

ANNEXURE-XXVII

CONTINGENT LIABILITY NOT PROVIDED FOR IN RESPECT OF:

(₹ in lacs)

Particulars	31 st October, 2012	31 st March 2012	31 st March 2011	31 st March 2010	31 st March 2009	31 st March 2008
Corporate guarantee given by company for term loan granted by bankers	-	150.00	300.00	300.00	7283.25	5171.05
Letter of credit issued by bankers	2213.40	2031.60	2038.50	1942.80	1600.60	443.00
Liability on account of export obligation	15580.30	13320.20	9958.40	12107.53	6647.70	5495.90
Liability on account of sales tax	-	-	-	-	-	8.40
Estimated amount of capital commitment	1875.00	2106.00	Nil	Nil	Nil	Nil

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Audited Financial Statements

a. Overview of our Business:

Scotts Garments Limited (SGL) has grown up considerably during last few years in spite of the recessionary trends in the economy during last year. From a modest beginning involving taking up job works, SGL started exploring the market for direct exports, and has in course of time established a status for production of quality garments and dependability in delivery schedules in the export market.

Our Company has state of the art facilities for manufacturing the hi-fashion Ready Made Garments. We have domain expertise in providing sampling and design and have additional facilities such as embroidery, printing, dyeing and washing. Presently, we are largely engaged in manufacturing and export of Ready Made Garments (RMG).

Our operations and facilities enable us to manufacture readymade apparel by spanning various aspects of the apparel production chain, from managing the design to delivery and quality assurance processes involved in producing readymade apparels. SGL is one of the competitive manufacturer and exporter of readymade garments with modern manufacturing facilities, fully backed by facilities for product development, design studio and efficient sampling infrastructure to provide quality services to its customers. In future, we will continue to explore new markets domestically and intend to cater international markets more strongly.

b. Capacity Expansion

Our Company normally operates in either one shift or two shifts depending on the orders in hand. Presently we have installed capacity of 99,72,000 pieces/annum for manufacturing of Woven Garments and 1,17,36,000 pieces/annum for Knitted Garments respectively. We propose to install additional capacity of 40,000 kg for Knitting & Processing and 30,000 pieces for and Trouser Making.

c. Significant Development Subsequent to Last Financial Period

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the RHP which materially or adversely affect or is likely to affect the manufacturing or profitability of our company, or the value of our assets, or our ability to pay liabilities within next twelve months.

d. Factors that may affect Results of Operations

Except as otherwise stated in this Offer Document, the Risk Factors given in this Offer Document and the following important factors could cause actual results to differ materially from the expectations include, among others:

- **General economic and business conditions;**

As a company operating in India, we are affected by the general economic conditions in the country. The Indian economy has grown steadily over the past several years. This improved performance was propelled by the growth in industrial activity and robust services sector. The overall economic growth will therefore impact the results of its operations. The growth prospects of the business of the Company and its ability to implement the strategies will be influenced by macroeconomic growth.

- **Our ability to successfully implement its strategy and its growth and expansion plans;**

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation of its strategy and its growth and expansion plans could impact the Company's roll out schedules and cause cost and time over runs.

- **Factors affecting industrial activity;**

Any such changes in the industrial policies relating to textile industry, tariffs, excise duties etc which may affect the activities of the Textile industry etc. may affect our results of operation.

- **Increasing competition in the industry;**

The garment manufacturing industry, globally and in India, is highly fragmented, with a large number of small and medium sized manufacturers having a local presence in Western Europe, China and India. Our principal competitors in our manufacturing operations in India include, among others, Mandhana Industries Limited, Gokaldas Exports Limited, House of Pearl Fashion Limited, KPR Mills Limited, Indus Fila and Mudra Lifestyle Limited. Further we also face competition from regional players located in China, Bangladesh and Vietnam.

- **Cyclical or seasonal fluctuations in the operating results;**

Cyclical or seasonal fluctuations in the operating results of the Company may affect the enduring financial performance at large.

- **Changes in laws and regulations that apply to the industry;**

There are some laws and regulations applicable to the industry in which we operate, which we have to comply/ follow. In case of a failure to comply with these laws and regulations or to obtain or renew the necessary permits and approvals our business may be affected.

- **Changes in fiscal, economic or political conditions in India;**

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our financial performance.

- **Changes in the foreign exchange control regulations, interest rates and tax laws in India.**

Since, more than 90% of the turnover of the company is exported to different countries any change in the foreign exchange control regulation, mainly interest rates and tax laws pertaining to India may affect the liquidity of cash in the market which in turn may affect the purchasing power of the economy.

e. Outlook

The company is committed to put continuous efforts for providing quality products with research and innovation using best practices, adopting aggressive sales and marketing strategies, investment in people development and expansion of manufacturing capacity. The company is confident of continuous good performance of growth by using better technologies and consistent efforts. Fundamental growth drivers of the Indian economy continue to exist. The overall scenario for economy is showing recovery trends and we believe it will help our industry to grow at a faster rate, and we at Scotts Garments Limited remain optimistic about our future.

Overview of our results of operations

The following discussion of the financial condition and results of operations for the financial year ending March, 31 2012, 2011, 2010, 2009 respectively including the notes thereto and the reports thereon which appear in this offer document.

The Audited Financial Statements are prepared in accordance with the Indian Accounting Standards.

Particulars	(₹ in lacs)			
	31 st March, 2012	31 st March, 2011	31 st March, 2010	31 st March, 2009
Revenue from Operations	50025.46	49527.73	43,017.07	36,387.70
Other Income	6587.83	847.14	418.91	1055.86
Total Income	56613.29	50374.88	43435.98	37443.56
Total Expenses	42852.13	42704.85	36226.95	31496.52
Total expenses as a % of Revenue from operations	85.66	86.22	84.22	86.56
Depreciation	1442.12	1452.06	1,239.81	990.34
Depreciation as % of Revenue from operations	2.88	2.93	2.88	2.72
Finance Cost	2082.23	1491.41	1,644.61	1,236.19
Finance Cost as % of Revenue from operations	4.16	3.01	3.82	3.40
Profit / (loss) before Tax	10236.81	4726.55	4,324.61	3,720.51
Profit / (loss) before Tax as a % of Revenue from operations	20.46	9.54	10.05	10.22
Profit / (loss) After Tax and extra ordinary items	8403.95	3493.06	2,784.24	2,721.88
Profit / (loss) after tax as % of Revenue from operations	16.80	7.05	6.47	7.48

Financial Performance of F.Y 2011-12 Vs. F.Y 2010-11

Total Income:

During the year under review, the revenue from operations was ₹ 50025.46 lacs as compared to ₹ 49527.73 lacs in FY 11. The revenue from operation for the FY 12 was largely constant due to the temporary suspension of the printing and dyeing unit of the company at Tirupur. The said unit was closed for 5 months during the FY 12.

During the year under review the company had sold certain investments in equity shares and earned a net gain of ₹ 5949.17 lacs which has contributed to the substantial increase in the other income from ₹ 847.14 lacs in FY11 to ₹ 6587.83 lacs in FY12.

Total Expenditure:

The total expenditure as a percentage of total income remained largely constant in FY12. The breakup of the major items of expenses is as under :

During the year under review due to the temporary closure of the dyeing and printing unit, the company was purchasing finished knits fabrics instead of purchasing yarn and conversion of the same. This has led to an increase in the cost of raw material consumed as a percentage of sales by ~14%.

Further, there was decrease in employee cost in FY 12 as compared to FY 11. This was mainly due to the temporary shut down of the dyeing and printing unit at Tirupur from February 2011 to August 2011.

Interest and Financial charges

During the FY12, there was an overall increase in the bank lending rates which has pushed up the interest and financial charges in the company. Further during the same period due to the currency fluctuation, there was a non availability of packing credit in foreign currency (PCFC) limits and the company had to avail of the rupee packing credit limits (PC). This has also added to the increase in the interest cost of the company.

Depreciation: Although there has been an increase in the gross block of fixed assets from ₹ 18578.75 lacs in FY11 to ₹ 24474.71 lacs in FY 12 the depreciation amount has shown a marginal decrease. This is due to the fact that the additions in fixed assets with regard to the Doddaballapur project have been capitalised towards the end of the financial year.

Profit after Tax: Profit after tax for F.Y 12 was around 16.80% of the revenue from operations as compared to around 7.05% in FY11. The said increase was mainly due to the capital gains on the sale of investments by the company.

Long Term Borrowings : The net increase in the long term borrowings of the company from ₹ 7409.07 lacs in FY 11 to ₹ 9718.95 lacs in FY12 was due to availment of term loan from Canara Bank for the new project at Doddaballapur and Kolar.

Fixed Assets: There has been an addition in the fixed assets of the company during the FY12 to the tune of ₹ 5895.96 lacs. This is mainly due to the addition in Building and plant and machinery for the new project at Doddaballapur. Apart from the addition in fixed assets there is also capital work in progress to the tune of ₹ 2453.48 lacs as at the end of FY 12.

Financial Performance of F.Y 2010-11 Vs. F.Y 2009-10**Total Income:**

During the year under review, the revenue from operations was ₹ 49527.73 lacs as compared to ₹ 43017.07 lacs in FY 10. The growth in operations by around 15% was due to increase in additional capacity.

The other income of the company increased from ₹ 418.91 lacs in FY10 to ₹ 847.14 lacs in FY 11 on account of exchange fluctuation, increase in income from wind power generation and also refund of income tax to the extent of ₹121.04 lacs.

Total Expenditure: The total expenditure as a percentage of total income has remained constant. The break up of the major items of expenses is as under :

Raw Material Cost and Manufacturing and other expenses: There was a decrease of ~7% in the cost of raw material as a percentage of revenue from operations due to a change in product mix from manufacturing of more of woven garments and less of knitted garments. This change also contributed to the increase in manufacturing and other expenses during the period under review. The employee cost increased in F.Y.11 as compared to F.Y.10 due to increase in the salaries and wages and other related benefits on account of increase in the number of employees in the company.

Interest and Financial charges: During FY 11 the Company had repaid some of its term loan but there has been an increase in the working capital loan availed. There was a reduction in the general bank lending rates during this period. These factors have led to a decrease to the extent of ₹153.20 lacs in the interest cost for the FY11.

Depreciation: There has been an increase in the depreciation provided by the company as compared to the previous year to the extent of ₹ 212.25 lacs due to certain addition in fixed assets.

Profit after Tax: Profit after tax for F.Y 11 was around 7.05% of the revenue from operations as compared to around 6.47% in FY10 due to increase in other income .

Long Term Borrowings: The outstanding balance of secured loans has increased from ₹ 7116.35 lacs in FY10 to ₹ 7409.07 lacs i.e. a net increase of ₹ 292.72 lacs. This increase is mainly due to availment of loan for Doddaballapur Project and towards addition of fixed assets in the existing operations.

Fixed Assets: There has been an addition in the fixed assets of the company during the FY11 for general expansion /modernization at the existing units and also purchase of land at Peenya industrial estate and Doddaballapur.

Financial Performance of F.Y 2009-10 Vs. F.Y 2008-09

Total Income:

During the year under review, the revenue from operations for F.Y 2009-10 is increased by ~18 % as compared to F.Y 2008-09 on account of efficiency in execution of more export orders by establishing new factory units in Bangalore and Tirupur.

The other income of the company has decreased from ₹ 1055.86 lacs in FY09 to ₹ 418.91 lacs in FY10. This has been due to the fact that during FY09 there had been a profit of sale of assets / investments to the tune of ₹ 870.98 lacs. The other income of FY10 includes ₹ 167.34 lacs by way of income from wind power generation through the wind mill belonging to Arora Fashions Ltd. which has been amalgamated with the company.

Total Expenditure: The total expenditure for F.Y 2009-10 was 84.22% of the revenue from operations as compared to 86.56 % in the F.Y 2008-09. The break up of the major items of expenses is as under:

Raw Material Cost and Manufacturing and other expenses: There has been a decrease in the cost of raw material as a percentage to revenue from operations due to economies of scale. There has been an increase in the manufacturing and other expenses from ₹ 7139.73 lacs in FY09 to ₹ 8348.43 lacs in FY10 due to increase in the production levels of the company. And the employee cost has increased from ₹6241.73 lacs in FY09 to ₹ 8254.26 lacs in FY10 due to increase in the salaries and wages and other related benefits and also due to increase in the number of employees in the company from 9755 in FY09 to 11702 in FY10.

Interest and Financial charges: The interest and financial charges have increased from ₹1236.19 lacs in FY09 to ₹1644.61 lacs in FY10 due to the increase in working capital loan and term loan during the year. The company had availed fresh term loan to the extent of ₹ 2350 lacs to fund the expansion program and setting up of the 2.1 M.W capacity windmill.

Depreciation: There has been an increase in the depreciation provided by the company as compared to the previous year to the extent of ₹ 249.46 lacs due to addition in fixed assets.

Profit after Tax: Profit after tax for F.Y 10 was around 6.47% of the revenue from operations as compared to around 7.48% in FY09. This was due to increase in finance charges and other operating expenses.

Long Term Borrowing: The outstanding balance of secured loans has increased from ₹6380.95 lacs in FY09 to ₹ 7116.35 lacs in FY10. This increase is due to the increase in working capital loan and term loan during the year. The company had availed fresh term loan to the extent of ₹ 2350 lacs to fund the expansion program and setting up of the 2.1 M.W capacity windmill.

Fixed Assets: There has been an addition in the fixed assets of the company during the FY10. This has been mainly on account of installation of 2.1 M.W capacity Windmill at Bellary. This windmill has commenced operations on 30th March, 2010. The company has also purchased land at Tarapur and constructed building on the said land. The other addition in fixed assets is on account of general expansion /modernization at the existing units.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

There have been no events, other than as described in this Offer Document, which may be called “unusual” or “infrequent”.

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

Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders’ funds and ability to implement strategy and the price of the Equity Shares.

3. 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 known trends or uncertainties that may have material adverse impact on the income, costs and profits of the company from continuing operations.

4. 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

Increase in the cost of the products in which the Company deals, will affect the profitability of the company. Further, the company is not able to pass on the increase in prices of the product to the customers in full. This can be offset through cost reduction.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The increase / decrease in turnover is only on account of increase in sales prices and volume.

6. Total turnover of each major industry segment in which the Company operated

Indian textile industry contributes about 14 per cent to Industrial Production, 4 per cent to the country’s Gross Domestic Product (GDP), 17 per cent to export earnings and provides direct employment to 35 million people which includes substantial number of SC/ST and women. Textile & Clothing sales generated USD 52 Billion in 2008-09 bifurcated as USD 33.4 billion from domestic

market and US \$ 21.60 billion from exports. Nearly 40 per cent of the textiles produced in the country is exported.

7. Status of any publicly announced new product

We have not publicly announced any new products.

8. The extent to which the business is Seasonal

Our business is not seasonal and no major cyclical trends are observed in this industry.

9. Competitive conditions

We face competition from both unorganized and other organized players, leading to difficulties in improving market share which could exacerbate by cheap imports.

Our principal competitors in our manufacturing operations in India include, among others, Mandhana Industries Limited, Gokaldas Exports Limited, House of Pearl Fashion Limited, KPR Mills Limited, Indus Fila and Mudra Lifestyle Limited. Further we also face competition from regional players located in China, Bangladesh and Vietnam.

10. Cautionary Statement

Statements in this report on Management Discussion and Analysis describing the company's objective, expectations or predictions may be forward looking statements within the meaning of applicable security law and regulations. These statements are based on certain assumption and expectation of future events. Actual results could however differ materially from those expressed or implied.

SECTION V - LEGAL AND REGULATORY INFORMATION
OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES
I. CONTINGENT LIABILITIES NOT PROVIDED FOR:

The contingent liabilities not provided for as on 31st October, 2012 are as follows:

Particulars	Amount (₹ in lacs)
Letter of Credits issued by banker of the Company	2213.40
Liability on account of export obligation	15580.30
Estimated Amount of Capital Commitment	1875.00
Total	19668.70

II. OUTSTANDING LITIGATIONS INVOLVING SCOTTS GARMENTS LIMITED:

The Issuer Company certifies that except as stated herein there are no:

- Pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoter were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoter and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against the Company or its Promoter of economic offences in which penalties were imposed on promoter.
- Pending litigation, disputes, defaults, non-payment of statutory dues, proceedings initiated for offences (including past cases and irrespective of whether specified in paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against the promoter and their business ventures.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoter and their business ventures/Directors other than those mentioned in this Offer Document and that no litigations have arisen and the Company and its Directors take full responsibility of the information mentioned in the Offer Document.

Cases filed against the company

- (a) Civil Cases - NIL
- (b) Criminal Cases - NIL
- (c) Cases filed against the company under labour laws: Nil
- (d) Pending Litigation Under Central Excise Act And Service Tax Act: Nil
- (e) Pending disputes under Income Tax Act

(f) Pending disputes under the sales tax act

Cases filed by the Company

- (a) Civil Cases - NIL**
- (b) Criminal Cases - Nil**

III. OUTSTANDING LITIGATIONS INVOLVING DIRECTORS OF COMPANY

There are no outstanding litigations, disputes, non-payment of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued, defaults in creation of full security as per terms of issue, other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956) against the promoter and director of the Company except the following:

Legal proceedings by or against the directors of Scotts Garments Limited

- (a) Proceedings of civil nature**
 - (i) By the Directors - NIL**
 - (ii) Against the Directors - NIL**
- (b) Proceedings of criminal nature**
 - (i) By the Directors - NIL**
 - (ii) Against the Directors - NIL**

IV. OUTSTANDING LITIGATIONS INVOLVING PROMOTER AND GROUP COMPANIES

There are no outstanding litigation, disputes, non-payment of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued, defaults in creation of full security as per terms of issue, other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part I of Schedule XIII of the Companies Act, 1956) against the promoter group companies.

Legal proceedings by/against the promoter/group entities

- (a) Proceedings of civil nature**
 - (i) By the promoter/group entities: Nil**
 - (ii) Against the promoter/group entities: Nil**
- (b) Proceedings of a criminal nature**
 - (i) By the promoter/ group entities: Nil**
 - (ii) Against the promoter/ group entities: Nil**
- (c) Cases under Income tax Act against the promoter/ group entities: Nil**



MATERIAL DEVELOPMENTS

There have been no significant development since the last audited Balance Sheet as of 31st October, 2012 till the date of Red Herring Prospectus other than the following:

- We have availed a short term loan from IndusInd Bank Limited vide their sanction letter dated 09/04/2013 for an amount of ₹ 1900.00 Lacs and ad hoc loan from Canara Bank vide common hypothecation agreement dated 14/03/2013 for an amount of ₹ 1500.00 lacs
- We have repaid a loan aggregating to ₹1234.00 lacs availed from Canara Bank towards the Dodaballapur Project.
- The Company has also received sanction for term loan and working capital loan aggregating to ₹8540.00 lacs from State Bank of India towards the Dodaballapur Project

No circumstances have arisen since the date of last financial statement until the date of filing of this Red Herring Prospectus with SEBI, which materially and adversely affect or is likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor's Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of our Company.

GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

On the basis of the indicative list of approvals below, we are permitted to carry on business activities and no further major approvals from any Government authorities or regulatory authority or any other entity are required by us to undertake the Issue or continue these business activities. It must be understood that, in granting these licenses, Government of India and/ or Reserve Bank of India does not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinion expressed in this behalf.

We require various approvals to carry on its business in India. We have received the following Government approvals/licenses/permissions:

Incorporation and other Statutory Compliances:

1. Certificate of Incorporation dated 01/03/2002, issued by the Registrar of Companies ("ROC"), Bangalore, Karnataka, India.
2. Certificate pursuant to change of name vide the Fresh Certificate of Incorporation dated 19/06/2007 issued by the ROC, Karnataka, Bangalore, India, consequent upon Change of Name on conversion to Public limited Company.

Labour Registration & Approvals:

1. Employee's Provident Fund code no: KN/23114 issued from the Office of the Regional Provident Fund Commissioner vide letter no. KN/PF/ENP III BDXX dated 1 0/11/1997 (Granted to the erstwhile partnership concern and the number remains the same).
2. Employee State Insurance code no. 53/2061/1 issued by the Regional Director Employee's State Insurance Corporation vide letter no. KAR. INSPN. 53/F 23.13.1.92 (BA) 53-12061-19 dated 02/05/1994 (Granted to the erstwhile partnership concern and the number remains the same).
3. Registration certificate no. P00100561 issued to the company as per the section 6A (1) of the Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976.

Tax Registration:

1. The Permanent Account Number (PAN) AAFCS9703C issued by the Director of Income-Tax.
2. The Tax Account Number (TAN) BLRS11395G issued by the Director of Income-Tax.
3. The Tax Identification Number (TIN) for Bangalore (Karnataka) Units: 29660017109 and Tirupur (Tamil Nadu) Units: 3366224001 issued by the Director of Income-Tax.
4. Certificate of Registration under section 69 of the Finance Act, 1994 (32 of 1994) read with Service Tax Rules 1994 issued by the Central Excise Department Superintendent, Registration, Service Tax Commissionerate, Bangalore.

5. Central Excise Registration Certificate dated June 06, 2011 bearing Registration No.AAFCS9703CXM001 issued under rule 9 of the Central Excise Rules, 2002 to Scotts Garments Limited as a manufacturer of excisable goods at Scotts Garments Limited, No.481/B, 4th Phase, Peenya Industrial Area, Bangalore Urban, Karnataka. This certificate shall remain valid till Scotts Garments Limited carries on the activity for which it has been issued or surrenders it or till it is revoked or suspended.
6. Central Excise Registration Certificate dated May 05, 2011 bearing Registration No.AAFCS9703CEM002 issued under rule 9 of the Central Excise Rules, 2002 to Scotts Garments Limited operating as a powerloom weaver/ hand processor dealer of yarns and fabrics/ manufacturer or readymade garments at Rassappa Gounder Garden, S. F. No.262, Kangeyam Main Road, Nallur Village, Tirupur Tamil Nadu. This certificate shall remain valid till Scotts Garments Limited carries on the activity for which it has been issued or surrenders it or till it is revoked or suspended.
7. Certificate of Registration as a dealer under Central Sales Tax Act, 1956 and Central Sales Tax (Registration and Turnover) Rules, 1956 as per rule 5(1) issued by the Commercial Tax officer, Bazaar circle, Tirupur.
8. Certificate of Registration as dealer under Karnataka Value Added Tax Act, 2003 issued by the Assistant Commissioner of Commercial Taxes, Bangalore, Karnataka.
9. Certificate of Registration as a dealer under Tamil Nadu Value Added Tax Act, 2006 issued by the Assistant Commissioner of Commercial Taxes, Tirupur, Tamil Nadu.

Environmental Licenses/Approvals/Consents:

Sr. No	Issuing Authority	Nature of Registration	Issuing Date	Validity Date
1.	Regional Officer, Karnataka State Pollution Control Board, Regional Office Peenya	Consent for Operation of the Plant under Section 21 of the Air (Prevention and Control of Pollution) Act 1981 for the premises at No. B-108, III Stage, Peenya Industrial Estate, Bangalore- 560058	May 28, 2005	December 31, 2014
2.	Regional Officer, Karnataka State Pollution Control Board, Regional Office Peenya	Consent for existing discharge of sewage effluents under section 25/26 of the Water (prevention and Control Pollution) Act- 1974 for the premises at No. B-108, III Stage, Peenya Industrial Estate, Bangalore- 560058	May 28, 2005	December 31, 2014
3.	Regional Officer, Karnataka State Pollution Control Board, Regional Office Peenya	Consent for existing discharge of sewage effluents under section 25/26 of the Water (prevention and Control Pollution) Act- 1974 for the premises at No. B-66, III Stage, Peenya Industrial Estate, Bangalore- 560058	May 28, 2005	December 31, 2014

Sr. No	Issuing Authority	Nature of Registration	Issuing Date	Validity Date
4.	Regional Officer, Karnataka State Pollution Control Board, Regional Office Peenya	Consent for Operation of the Plant Under Section 21 of the Air (Prevention and Control of Pollution) Act 1981 for the premises at No. B-66, III Stage, Peenya Industrial Estate, Bangalore- 560058	May 28, 2005	December 31, 2014
5.	Environmental Officer, Karnataka State Pollution Control Board, Kolar	Consent for discharge of Sewage and Trade Effluents under Section 25/26 of the Water (Prevention and Control of Pollution) Act 1974 for the premises at No. 1028/1, Patte Palli Road, IV Udayapuram, Robertson Pet, KGF, Bagarpet Taluk, Kolar District.	October 3, 2007	December 31, 2016
6.	Environmental Officer, Karnataka State Pollution Control Board, Kolar	Consent for Operation of the Plant Under Section 21 of the Air (Prevention and Control of Pollution) Act 1981 for the premises at No. 1028/1, Patte Palli Road, IV Udayapuram, Robertson Pet, KGF, Bagarpet Taluk, Kolar District.	October 3, 2007	December 31, 2016
7.	District Environmental Engineer, Tamil Nadu Pollution Control Board, Tiruppur.	Consent for Existing discharge of sewage under section 25 of the Water (Prevention and Control of Pollution) Act 1974 for the unit at S.F. No. 226/1, Tirupur Town, Tirupur Taluk, Coimbatore District.	October 16, 2007	December 31, 2013
8.	District Environmental Engineer, Tamil Nadu Pollution Control Board, Tiruppur.	Consent for Existing operation of the plant under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for the unit at S.F. No. 226/1, Tiruppur Town, Tiruppur Taluk, Coimbatore District.	October 16, 2007	December 31, 2013
9.	District Environmental Engineer, Tamil Nadu Pollution Control Board, Tiruppur.	Consent for Existing discharge of sewage under section 25 of the Water (Prevention and Control of Pollution) Act 1974 for the unit at S.F. No. 295, Veerapandi Village, Tirupur Taluk, Coimbatore District.	Applied for Renewal	
10.	District Environmental Engineer, Tamil Nadu Pollution Control Board,	Consent for Existing operation of the plant under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for the unit at S.F. No. 295, Veerapandi Village,	Applied for Renewal	

Sr. No	Issuing Authority	Nature of Registration	Issuing Date	Validity Date
	Tiruppur.	Tiruppur Taluk, Coimbatore District.		
11.	Environmental Officer, Karnataka State Pollution Control Board, Regional Office-Tumkur	Consent for discharge of effluents under the Water (Prevention and Control of Pollution) Act 1974 and Emissions under the Air (Prevention and Control of Pollution) Act 1981 for the premises at Plot No. 1 and 2, Sathyamangala Industrial Area, Tumkur.	Applied for Renewal	
12.	District Environmental Engineer, Tamil Nadu Pollution Control Board, Tiruppur.	Consent for Existing discharge of sewage under section 25 of the Water (Prevention and Control of Pollution) Act 1974 for the unit at S.F. No. 505, Veerapandi Village, Tiruppur Taluk, Coimbatore District.	April 02, 2012	December 31, 2013
13.	District Environmental Engineer, Tamil Nadu Pollution Control Board, Tiruppur.	Consent for Existing operation of the plant under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for the unit at S.F. No. 505, Veerapandi Village, Tiruppur Taluk, Coimbatore District.	April 02, 2012	December 31, 2013
14.	Senior Environmental Officer, Karnataka State Pollution Control Board, Bangalore	Consent for discharge of effluents under the Water (Prevention and Control of Pollution) Act 1974 and Emissions under the Air (Prevention and Control of Pollution) Act 1981 for the premises at No. 22, KIADB Industrial Area, K. G. F. Road, Bangarpet Taluk- 563114, Kolar District.	September 14, 2010	December 31, 2019
15.	Environmental Officer, Karnataka State Pollution Control Board, Bangalore	Consent for discharge of Sewage and Trade Effluents under Section 25/26 of the Water (Prevention and Control of Pollution) Act 1974 for the premises at at No. B-1028/1, Patte Palli Road, IV Udayapuram, Robertson Pet KGF, Bangarpet Taluk, Kolar dist.	October 03, 2007	December 31, 2016
16.	Senior Environmental Officer, Karnataka	Consent for discharge of effluents under the Water (Prevention and Control of Pollution) Act 1974 and	October 1, 2012	September 30, 2014

Sr. No	Issuing Authority	Nature of Registration	Issuing Date	Validity Date
	State Pollution Control Board, Bangalore	Emissions under the Air (Prevention and Control of Pollution) Act 1981 for the premises at 481/ A&B, IV Phase, Peenya Industrial Area, Bangalore		
17.	Regional Officer, Bangalore North II, Karnataka State Pollution Control Board	Consent for Operation of the Plant under Section 21 of the Air (Prevention and Control of Pollution) Act 1981 for the premises at No. 292/D, Patel Chennappa Industrial Estate, Hegganahalli, II Stage, Peenya, Bangalore	January 22, 2008	December 31, 2017
18.	Regional Officer, Bangalore North II, Karnataka State Pollution Control Board	Consent for discharge of Sewage and Trade Effluents under Section 25/26 of the Water (Prevention and Control of Pollution) Act 1974 for the premises at at No. 292/D, Patel Chennappa Industrial Estate, Hegganahalli, II Stage, Peenya, Bangalore	January 22, 2008	December 31, 2017
19.	Senior Environmental Officer, Karnataka State Pollution Control Board, Bangalore	Consent for discharge of effluents under the Water (Prevention and Control of Pollution) Act 1974 and Emissions under the Air (Prevention and Control of Pollution) Act 1981 for the premises at No. V-27, III Stag, 7 th main, Peenya Industrial Estate, Bangalore	Applied for Renewal	
20.	Environmental officer, North Bangalore	Consent for discharge of effluents under the Water (Prevention and Control of Pollution) Act 1974 and Emissions under the Air (Prevention and Control of Pollution) Act 1981 for the premises at No. 5F2, 1 st Phase, Peenya Industrial Area, Jalahalli west, S.M. Road, Bengaluru North Taluk, Bengaluru	Applied for Renewal	
21.	Environmental Officer, Karnataka State Pollution Control Board	Consent for discharge of effluents under the Water (Prevention and Control of Pollution) Act 1974 and Emissions under the Air (Prevention and Control of Pollution) Act 1981 for the premises at No. 353a, 8 th main, II Stage, Peenya Industrial Estate, Bangalore	Applied for Renewal	

Sr. No	Issuing Authority	Nature of Registration	Issuing Date	Validity Date
22.	District Environmental Engineer, Tamil nadu Pollution Control Board	Consent under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 at S.F> no 268/1D, 368/3B, Karaipudur village, tirupur taluk, tirupur dist.	September 30, 2011	September 30, 2013
23.	District Environmental Engineer, Tamil nadu Pollution Control Board	Consent under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 at S.F> no 2/785B, Naranapuram village,, Palladam taluk, tirupur dist	Applied for renewal	
24.	District Environmental Engineer, Tamil nadu Pollution Control Board	Consent under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 at S.F> no 2/785B, Naranapuram village,, Palladam taluk, tirupur dist	Applied for renewal	
25.	Member Secretary, Tamil nadu Pollution Control Board	Consent under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 at S.F> no 536/5 (pt.), veerapandi village, tiruppur taluk, tiruppur dist.	Applied for renewal	
26.	Member Secretary, Tamil nadu Pollution Control Board	Consent under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 at S.F> no 536/5 (pt.), veerapandi village, tiruppur taluk, tiruppur dist	Applied for renewal	
27.	Environmental Officer, Karnataka State Pollution Control Board	Consent for establishment of new factory in the name of M/s. Scotts Garments Limited (Unit-13) at Sy. No. 30/1, Chikkaballapura Road, Near Railway Crossing, Kolar-563101	Applied for renewal	
28.	Environmental Officer, Karnataka State Pollution Control Board	Consent for establishment of new factory in the name of M/s. Scotts Garments Limited (Unit-14) at Sy. No. 60, Sultan Thippasandara, Antharagange Road, Near stadium, Kolar.	Applied for renewal	
29.	Environmental Officer, Karnataka State Pollution	Consent for establishment of new industry for carrying out knit	March 17, 2012	valid for a period of 5 years from the date of issue

Sr. No	Issuing Authority	Nature of Registration	Issuing Date	Validity Date
	Control Board	processing and trouser at Plot No. A-3,10 & 11, D- 3&4, S-43,44 & 45, Apparel Park, Ist Phase, KIADB INDI. Area, Doddaballapura, Bangalore North Taluk		
30.	District Environmental Engineer, Tamil nadu Pollution Control Board,	Consent under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 at S.F. no 643, veerapandi village, tiruppur taluk, tiruppur dist.	Applied for renewal	
31.	District Environmental Engineer, Tamil nadu Pollution Control Board,	Consent under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 at S.F> no 643, veerapandi village, tiruppur taluk, tiruppur dist	Applied for renewal	
32.	District Environmental Engineer, Tamil nadu Pollution Control Board	Consent under section 25 of the Water (Prevention and Control of Pollution) Act, 1974 at S.F. no 262, nallur village, tiruppur taluk, tiruppur	July 28, 2011	December 31, 2013
33.	District Environmental Engineer, Tamil nadu Pollution Control Board,	Consent under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 at S.F> no 262, nallur village, tiruppur taluk, tiruppur dist.	July 19, 2012	December 31, 2013
34.	Environmental Office, Regional Office, Karnataka Pollution Control Board	Consent for discharge of effluents under the Water (Prevention and Control of Pollution) Act 1974 and Emissions under the Air (Prevention and Control of Pollution) Act 1981 for the premises at 7/1, Gummanahalli Road, Byadgi, Karnataka	January 01, 2013	December 31, 2022

Approvals for Business & Factory:

1. Certificate of Importer-Exporter Code (IEC) number: 0793009014 issued by the Foreign Trade Development Officer, Office of Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India.

2. Certificate of Registration as Trading House in accordance with the provisions of the Foreign Trade Policy, 2009-2014 issued by the Joint Director General of Foreign Trade, Ministry of Commerce & Industry, Government of India on 12/03/2012. The certificate is valid till 31/03/2014.
3. Registration Cum Membership Certificate of Apparel Export Promotion Council issued by the Deputy Director, Apparel Export Promotion Council.
4. License under Factories Act 1948 including Registration Number: MYB-16961, issued by the Chief Inspector of Factories, Karnataka State, India for unit at 422, Patel Channappa Industrial Estate, Peenya, 2nd stage, Bangalore-91. The license was valid upto 31/12/2012. The Company has made application for renewal.
5. License under Factories Act 1948 including Registration Number: MYB-8451, issued by the Chief Inspector of Factories, Karnataka State, India for unit at 481/B, 4th Phase, Peenya Industrial Area, Bangalore. The license was valid upto 31/12/2012. The Company has made application for renewal.
6. License under Factories Act 1948 including Registration Number: MYK-405, issued by the Chief Inspector of Factories, Karnataka State, India for unit at Irudayasuru, Robertson Pet, K.G.F. The license was valid upto 31/12/2012. The Company has made application for renewal.
7. License under Factories Act 1948 including Registration Number: MYB-16402, issued by the Chief Inspector of Factories, Karnataka State, India for unit at U-27, 7th main, Peenya Industrial Area, Bangalore. The license was valid upto 31/12/2012. The Company has made application for renewal.
8. License under Factories Act 1948 including Registration Number: MYK-430, issued by the Chief Inspector of Factories, Karnataka State, India for unit at Plot No. 22, KIADB, K.G.F. Road, Bangarpet. The license was valid upto 31/12/2012. The Company has made application for renewal.
9. License under Factories Act 1948 including Registration Number: MYB-630, issued by the Chief Inspector of Factories, Karnataka State, India for unit at Plot No. 1, NH No. 4, Sathyamangala Industrial Area, Behind Bharath Petrol Bunk, Tumkur. The license was valid upto 31/12/2012. The Company has made application for renewal.
10. License under Factories Act 1948 including Registration Number: MYB-17218, issued by the Chief Inspector of Factories, Karnataka State, India for units at 5/1, Madanayakanahalli, Tumkur Road, Bangalore. The license was valid upto 31/12/2012. The Company has made application for renewal.
11. License under Factories Act 1948 including Registration Number: MYB-17738, issued by the Chief Inspector of Factories, Karnataka State, India for unit at SF-2, 1st Phase, Peenya Industrial Area, Jalahalli West, S.M. Road, Bangalore. The license was valid upto 31/12/2012. The Company has made application for renewal.
12. License under Factories Act 1948 including Registration Number: MYB-12213, issued by the Chief Inspector of Factories, Karnataka State, India for unit at 481/B, 4th Phase, Peenya Industrial Area, Patel Chennappa Industrial Area, Andrahalli, B-91 Main Road, Peenya 2nd stage. The license is valid upto 31/12/2012. The Company has made application for renewal.

13. License under Factories Act 1948 including Registration Number: MYB-18212, issued by the Chief Inspector of Factories, Karnataka State, India for unit at A-353/(9), 8th Main, 2nd Stage, Peenya Industrial Estate, Bangalore. The license is valid upto 31/12/2012. The Company has made application for renewal.
14. License under Factories Act 1948 including Registration Number: MYB-12222, issued by the Chief Inspector of Factories, Karnataka State, India for unit at B-108, 3rd Stage, Peenya Industrial Estate, Bangalore. The license was valid upto 31/12/2012. The Company has made application for renewal.
15. Licence bearing registration no. CB 11406 issued by Deputy Chief Inspector of Factories, Tirupur to factory at S.F. No. 226/1 Dharampuram Road, Pudur Pirivu, Tirupur - 641 608. The said license is valid till 31/12/2013
16. Licence bearing registration No. CB 12365 issued by Deputy Chief Inspector of Factories, Tirupur to factory at S.F. No. 295 - Murugampalayam road, Sundamedu, Tirupur. The said license was valid till 31/12/2012. The Company has made application for renewal.
17. Licence bearing registration No. CB 12364 issued by Deputy Chief Inspector of Factories, Tirupur to factory at D. No. 1/ 805 - Lakshana Theatre near, Dharampuram Road, Palavanchipalayam, Tirupur - 641 608. The said license is valid till 31/12/2013.
18. Licence bearing registration No. CB 13511 issued by Deputy Chief Inspector of Factories, Tirupur to factory at S. F. No. 368 - Nochipalayam Road, Lakshmi Garden, Veerapandi Post, Tirupur on June 12, 2007. The said license was valid till 31/12/2012. The Company has made application for renewal.
19. Licence bearing registration No. CB 15951 issued by Deputy Chief Inspector of Factories, Tirupur to factory at S. F. No. 699/2 - R. M & Bros., m Industrial complex, Kamaraj Road, Tirupur. The said license was valid till 31/12/2012. The Company has made application for renewal.
20. Licence bearing registration No. CB 14372 issued by Deputy Chief Inspector of Factories, Tirupur to factory at S. F. No. 2/ 785 - B Mahalakshmi Nagar, Tirupur main Road, Naranpuram, Palladam. The said license is valid till 31/12/2013.
21. Licence bearing registration No. CB 15817 issued by Deputy Chief Inspector of Factories, Tirupur to factory at S. F. No. 643, Kulathupalayam, Near veerapandi, telephone exchange, veerapandi (po), Tirupur. The said license was valid till 31/12/2012. The Company has made application for renewal.
22. Licence bearing registration No. CB 16396 issued by Deputy Chief Inspector of Factories, Tirupur to factory at S. F. No. 262, Kangeyam road, Kulathu Thotam, Vijayapuram (po), Tirupur - 641 608. The said license is valid till 31/12/2013.
23. Licence bearing registration No. CB 7717 issued by Deputy Chief Inspector of Factories, Tirupur to factory at S. F. No. 536/5, Veerapandi (po), Tirupur. The said license was valid till 31/12/2012. The Company has made application for renewal.

24. Licence bearing registration No. No.: MYB-19543 to run Factory at 36/6, Byraveshwara Industrial area, Hegganahalli Main road, Bangalore. The said license is valid till 31/12/2014
25. License bearing registration No. No.: MYB-14198 to run Factory at B-66, Peenya Industrial Estate, IIIrd stage, Bangalore-58. The said license was valid till 31/12/2012. The Company has made application for renewal.

Other Certificates

1. Gold Certificate of Compliance awarded to Scotts Garments Limited by Director of Compliance Administration - Worldwide Responsible Accredited Production, having facility at SF-2,1st Phase Peenya Industrial Area, Jalahalli, West, S. M. Road, Bangalore, Karnataka, India -560015 bearing Certificate No.12450 for period from January 17, 2012 to January 17, 2013 for production processes. The Company has made an application for renewal.
2. Renewed Certificate for the Social Accountability System, SA 8000:2008 having Certificate No.: SA-385, issued by the Director of Certification Division RINA Services S.p.A. This certificate is issued for design and manufacture of woven readymade garments for operating unit at 481-B, IV Phase, Peenya Industrial Area, Bangalore. The expiry date of certificate is 26/09/2014
3. Global Organic Textile Standard (GOTS) Textile Certification including Certificate No.: CU808682GOTS-01.2013 and Registration No.: CU 808682, issued by the Managing Director, Certifier, Control Union Certification. The certificate is valid till 28/12/2013
4. Certificate of Compliance for Organic Exchange 100 Standard (OE 100) version 1.3 bearing certificate no. CU808682OE100-01.2013 and Registration No.: CU 808682, issued by Managing Director, Certifier, Control Union Certification. The certificate is valid till 28/12/2013
5. Scotts Garments has received Certificate of Conformity issued by FLO-CERT Gmbh Certification for Development certifying the compliance of Fairtrade standard for the following
 - Generic FAIRTRADE Trade Standards
 - FLO-CERT Public Compliance criteria list for Trade Certification
 - FLO-CERT Trade Certification Policies
 - FAIRTRADE Standards for Seed Cotton for Small Producers Organizations

This certificate is issued for functions such as CMT, Dyeing, Washing, Printing, Embroidery. The production site applicable for this certificate is 481- A&B, Peenya Industrial Area, Peenya, Bangalore and 536/5, Veerapandi Post, Tirupur. It is valid upto 05/05/2013.

Approvals for Doddaballapur project*

We have received the following statutory approvals

1. Karnataka State Pollution Control Board, Bangalore for consent for discharge of effluents under the Water (Prevention and Control of Pollution) Act 1974 and Emissions under the Air (Prevention and Control of Pollution) Act 1981 for establishment of unit vide their letter dated 17/03/2012.



2. Registration as a dealer under Central Sales Tax Act, 1956 and Central Sales Tax (Registration and Turnover) Rules, 1956 as per rule 5(1)
3. Registration as dealer under section 22 of Karnataka Value Added Tax Act, 2003, Form VAT 7 Rule 9(1) of the Rules
4. Temporary Connection of 1000 KVA from Bangalore Electricity Supply Company Limited received. The Company is in process of complying with other requirements.

Other than above the following are the statutory license and approvals for which application has been made:

1. Chief Inspector of Factories, Karnataka State, No.3, 1st Cross Road, Gandhinagar, Bangalore - 560 009 for license under Factories Act 1948 and its rules;
2. Department of Ecology and Environment; Karnataka

Approvals for Kagal Project*

We shall make requisite applications for the Kagal project after the land is allotted to our Company. The required licenses and approvals for commencement of Project is as under:

1. Approval from Maharashtra Pollution Control Board
2. License under Factories Act
3. License under Shops and Establishment Act
4. Other Commercial registrations under the indirect tax authorities.

*Our Company shall apply for any other licenses and approvals as required for commencement of operations.

OTHER REGULATORY AND STATUTORY DISCLOSURES
A) AUTHORITY FOR THE PRESENT ISSUE

Our Board has, pursuant to resolution passed at its meeting held on 10/05/2010, authorised the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. The shareholders of our Company have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act, at an Extra Ordinary General Meeting held on 10/06/2010 and 19/12/2012.

B) PROHIBITION BY SEBI, RBI OR GOVERNMENT AUTHORITIES

The Company, its Promoter, its Directors or any of the Company's associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoter, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

The Promoter, his relatives (as per Act), the Company, group companies, associate companies have not detained as wilful defaulters by RBI / Government authorities.

None of the Directors of the Company are associated with any entities which are engaged in securities market related business and are registered with SEBI.

C) Eligibility for the Issue

The Company is eligible for the Issue as per regulation 26(1) of the (Issue of Capital and Disclosure Requirements) Regulations, 2009 as explained under:

- Scotts Garments Limited has a net tangible assets of at least ₹ 3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- Scotts Garments Limited has a pre-Issue net worth of at least ₹ 1 crore in each of the three preceding full years (of 12 months each);
- Scotts Garments has a minimum average pre-tax operating profit of ₹ 15 crores, calculated on a restated basis during the three most profitable years out of the immediately preceding five years;
- The proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2012;
- Scotts Garments Limited has not changed its name during the last one year.

(In ₹ lacs)

Particulars	7 Months ended 31 st October 2012	For the Financial Year Ended March 31				
		2012	2011	2010	2009	2008
Pre Tax Operating Profits	2933.82	4035.67	4470.44	4091.22	3581.08	3410.76
Net Worth (1)	24323.38	22784.25	15428.78	12985.26	11260.56	7441.13
Net Tangible Assets (2)	23278.26	21308.79	13215.60	10034.34	7571.91	3752.48
Monetary Assets(3)	620.66	552.76	738.53	484.32	602.21	579.07
Monetary Assets as a % of Net Tangible Assets	2.67%	2.59%	5.59%	4.83%	7.95%	15.43%

Note:

- (1) *Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.*
- (2) *Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.*
- (3) *Monetary assets comprise of cash and bank balances, public deposit account with the Government.*

The Company satisfies all the eligibility criteria, laid down in regulation 26(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulation. However, the Company is doing a “voluntary book-building issue” wherein the Company proposes to 25% of the Issue to QIBs

The promoter, the company, directors of Scotts Garments Limited are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this Offer Document.

No penalty has been imposed by SEBI and other regulatory bodies against the company, its directors, its promoter and companies promoted their directors.

Scotts Garments Limited undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

D) DISCLAIMER CLAUSE (SEBI)

"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 BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED AND CO-BOOK RUNNING LEAD MANAGER, CANARA BANK - MERCHANT BANKING DIVISION HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH 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 FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED AND CANARA BANK MERCHANT BANKING DIVISION HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 28/09/2010 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATION, 1992, WHICH READS 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.**
- (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. - NOT APPLICABLE

- (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 SINCE THE PROPOSED ISSUE SIZE IS MORE THAN ₹10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.
- (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/ DRAFT PROSPECTUS/ DRAFT LETTER OF OFFER:
 - (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.

Price Information of Past Issues handled by BRLM & Co-BRLM
1. Price information of past issues handled by Keynote Corporate Services Limited

Sr No	Issue Name	Issue Size (₹Cr.)	Issue price ₹	Listing date	Opening price on listing date ₹	Closing price on listing date ₹	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10 th calendar day from listing day ₹	Benchmark index as on 10 th calendar days from listing day (Closing)	Closing price as on 20 th calendar day from listing day ₹	Benchmark index as on 20 th calendar days from listing day (Closing)	Closing price as on 30 th calendar day from listing day ₹	Benchmark index as on 30 th calendar days from listing day (Closing)
1.	Prakash Steelage Limited	68.75	110.00	25/08 /2010	118.55 (BSE)	187.95 (BSE)	70.86% (BSE)	18,179.64 (SENSEX)	181.80 (BSE)	18,221.43 (SENSEX)	156.40 (BSE)	19,208.33 (SENSEX)	145.60 (BSE)	19,861.01 (SENSEX)
					122.00 (NSE)	185.00 (NSE)	68.18% (NSE)	5462.35 (NIFTY)	182.10 (NSE)	5479.40 (NIFTY)	156.65 (NSE)	5760.00 (NIFTY)	145.65 (NSE)	5959.55 (NIFTY)
2.	Bedmutha Industries Limited	91.80	102.00	14/10 /2010	114.40 (BSE)	180.80 (BSE)	77.25% (BSE)	20,497.64 (SENSEX)	204.20 (BSE)*	20,303.12 (SENSEX)	176.05 (BSE)	20,345.69 (SENSEX)	116.95 (BSE)	20,156.89 (SENSEX)
					113.50 (NSE)	179.15 (NSE)	75.64% (NSE)	6177.35 (NIFTY)	203.00 (NSE)*	6105.80 (NIFTY)	174.95 (NSE)	6119.00 (NIFTY)	116.15 (NSE)	6071.65 (NIFTY)
3.	Gravita India Limited	45.00	125.00	16/11 /2010	218.75 (BSE)	210.40 (BSE)	68.32% (BSE)	19865.14 (SENSEX)	257.65 (BSE)	19,318.16 (SENSEX)	255.70 (BSE)*	19,981.31 (SENSEX)	235.40 (BSE)	19,647.77 (SENSEX)
					201.10 (NSE)	209.70 (NSE)	67.76% (NSE)	5988.70 (NIFTY)	257.45 (NSE)	5799.75 (NIFTY)	256.10 (NSE)*	5992.25 (NIFTY)	235.40 (NSE)	5892.30 (NIFTY)
4.	Servalakshmi Paper Limited	60.00	29.00	12/05 /2011	30.00 (BSE)	19.00 (BSE)	(34.48%) (BSE)	18,335.79 (SENSEX)	11.75 (BSE)*	17,993.33 (SENSEX)	11.05 (BSE)	18,503.28 (SENSEX)	10.19 (BSE)	18,268.54 (SENSEX)
					29.00 (NSE)	19.05 (NSE)	(34.31%) (NSE)	5,486.15 (NIFTY)	11.80 (NSE)*	5,386.55 (NIFTY)	11.10 (NSE)	5,560.15 (NIFTY)	10.20 (NSE)	5,485.80 (NIFTY)
5.	Veto Switchgears and Cables Limited (SME Platform - NSE EMERGE)	25.00	50.00	13/12 /2012	58.00	50.45	0.9%	19,229.26 (BSE)	50.25*	19,255.09* (BSE)	50.15	19580.81 (BSE)	50.50	19663.64 (BSE)
								5851.50 (NSE)		5855.75* (NSE)		5950.85 (NSE)		5951.30 (NIFTY)

*Being non trading day, price data is considered for next trading day.

2. Summary statement of price information of past issues handled by Keynote Corporate Services Limited

Financial Year	Total no. of IPOs	Total Funds Raised (₹ Cr.)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30 th calendar day from listing day			Nos. of IPOs trading at premium as on 30 th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2010-11	3	205.55	Nil	Nil	Nil	3	Nil	Nil	Nil	Nil	Nil	1	1	1
2011-12	1	60.00	Nil	1	Nil	Nil	Nil	Nil	1	Nil	Nil	Nil	Nil	Nil
2012-13	1	25.00	Nil	Nil	Nil	Nil	Nil	1	N.A.	N.A.	N.A.	N.A.	N.A.	1

1. Price information of past issues handled by Canara Bank - Nil*
2. Summary statement of price information of past issues handled by Canara Bank - Nil

*Canara Bank has not handled any Initial Public Offer of equity shares in last three financial years and hence there is no data available.

Track record of past issues handled by BRLMs

For details regarding the track record of the BRLMs to the Offer as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of the BRLMs at Keynote Corporate Services Limited - http://www.keynoteindia.net/track_record.html.

Canara Bank has not handled any Initial Public Offer of equity shares in last three financial years.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY 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 OFFER DOCUMENT."

The promoter / director of Scotts Garments Limited, Mr. Naseer Ahmed, Mrs. Nuzhat Aisha Naseer, Mr. A Arumugam, Mr. B. S. Patil, Mr. M. M. Chopra, Mr. Azeezulla Baig, Mr. C.R. Murali and Mr. S. Thiruvadi confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Red Herring Prospectus has been suppressed withheld and / or incorporated in the manner that would amount to mis-statement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the companies act.

E) DISCLAIMER STATEMENT FROM THE COMPANY AND THE BRLM AND Co-BRLM

The Company, the Directors, the BRLM and Co-BRLM accept no responsibility for statements made otherwise than in this RHP or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website, www.scottsgarments.com, would be doing so at his or her own risk.

The BRLM and Co-BRLM accept no responsibility, save to the limited extent as provided in the Agreement entered into among Keynote Corporate services Limited and us dated 24/09/2010 and between Canara Bank and us dated 25/09/2010 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLM and 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 or at bidding centres etc. Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

F) DISCLAIMER WITH RESPECT TO 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 authorised 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), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This RHP does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this RHP comes is required to inform him 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 Karnataka, Bangalore 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 this RHP has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

G) DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer Clause of Bombay Stock Exchange Limited (BSE):

“Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter no. DCS/IPO/RK/IPO-IP/1349/2010-11 dated 21/12/2010 permission to the Company to use the Exchange’s name in this Offer Document as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; or
- ii. Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Offer Document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

Disclaimer Clause of the NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/155676-Y dated 11/01/2011 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of Credit Analysis & Research Ltd. (CARE) IPO Grading Agency

This Issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the "CARE IPO Grade 3" indicating Average Fundamentals, through its letter dated 01/03/2013. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals.

Disclaimer clause: CARE's IPO Grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

H) FILING

A copy of this RHP has been filed with SEBI at Mumbai.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the ROC, Bangalore, 'E' Wing, 2nd Floor, Kendriya Sadana, Koramangala, Bangalore-560034, Karnataka.

I) LISTING

Applications will be made to NSE and BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this RHP. If such money is not repaid within eight days after the Company becomes liable to repay then the Company, and every Director of the Company who is an officer in default 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.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within twelve working days of the Bid/Issue Closing Date.

J) Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, Or**
- b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

K) CONSENTS

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Statutory Auditor & Peer Review Auditor, the Legal Advisor, Bankers to the Company, Bankers to the Issue, BRLM and Co-BRLM, Syndicate Member, the Escrow Collection Bankers, IPO Grading Agency and the Registrar to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the RHP with the ROC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

M/s G. Anantha & Co., Peer Review Auditor have given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this RHP and M/s Siddaiah & Ram, Statutory Auditors of the Company have given their consent to the inclusion of the tax benefits accruing to the Company and to the members of the Company and such consents and the reports have not been withdrawn up to the time of signing this RHP.

L) EXPERT OPINION OBTAINED, IF ANY

Except as stated in "Auditor Report", "Statement of Tax Benefits", "IPO Grading" and "Techno Economic Feasibility Report issued by Gherzi Eastern Limited as part of objects of issue", the Company has not obtained any expert opinion.

M) EXPENSES OF THE ISSUE

The Management estimates an expense or ₹ [●] Lacs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(₹ in Lacs)

Sr. No.	Nature of Expenses	Amount*	% to the Total Expenses	% to the Issue
1.	Lead Management Fee, Underwriting Commissions and Selling Commissions	[•]	[•]	[•]
2.	SCSB Commission/processing fee to SCSBs for processing ASBA Bid cum Application Forms procured by members of syndicate and non-syndicate members**	[•]	[•]	[•]
3.	Commission to Non-Syndicate Members on procurement of eligible applications considered for purpose of allotment***	[•]	[•]	[•]
4.	Advertising and Marketing Expenses	[•]	[•]	[•]
5.	Printing and Stationery	[•]	[•]	[•]
6.	Others (Registrar's Fee, Legal Fee, Grading Fee, Service Tax, etc.)	[•]	[•]	[•]
	Total Estimated Issue Expenses	[•]	[•]	[•]

* Will be incorporated after finalisation of Issue Price

**SCSBs would be entitled to a processing fee of ₹10/- per Bid-cum-Application Form, for processing the Bid-cum Application Forms procured by the members of the Syndicate and submitted to SCSBs.

***Non-Syndicate Members would be entitled to a commission of ₹20/- per valid bid cum application form procured and considered for basis of allotment

N) DETAILS OF FEE PAYABLE

Book Running Lead Manager and Co-Book Running Lead Manager to the Issue

The total fees payable to the Book Running Lead Manager and Co-Book Running Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager(s), a copy of which is available for inspection at the Registered Office of the Company. The Lead Manager(s) will be reimbursed for all relevant out-of-pocket expenses such as cost of travel, stationery, postage and communication expenses.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue Link Intime Private Limited for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company dated 25/09/2010.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/ under certificate of posting.

O) UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst the Company, the BRLM and Co-BRLM and the Syndicate Member. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page no. 33 of this RHP.

P) PREVIOUS PUBLIC OR RIGHTS ISSUE

We have not made any public or rights issue of shares either in India or abroad since incorporation of the Company.

Q) PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

Except as disclosed in the chapter "Capital Structure" beginning on page 34 of this Red Herring Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

R) COMMISSION AND BROKERAGE 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 of the Equity Shares since inception of the Company.

S) CAPITAL ISSUE DURING THE LAST THREE YEARS

Neither we nor our group companies have made any capital issue during the last three years.

T) PROMISE VIS-A-VIS PERFORMANCE

This is a first issue of our Company and none of our group companies are listed on any stock exchanges in India.

U) OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

Our Company has no outstanding debentures or bonds or redeemable preference shares and other instruments issued as on the date of this RHP.

V) STOCK MARKET DATA

This being an initial public offering of our Company, the Equity Shares are not listed on any stock exchange.

W) INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

Our company has appointed the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB and the Syndicate Member with whom the Bid cum Application Form was submitted by the ASBA Bidder, giving full details such as name, address of the applicant, application number, 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 or the address of the center of the Syndicate where the Bid cum Application Form was submitted by the ASBA Bidder.

The Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Link Intime Private Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The Company would also be co-ordinating with the registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non Receipt of Share Certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Mr. S. Guruswamy Babu, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

Mr. S. Guruswamy Babu
 Company Secretary & Compliance Officer
Scotts Garments Limited
 481-B, Peenya Industrial Area,
 Peenya IV Phase,
 Bangalore - 560 058;
Tel.: +91-080-40858585/41179001/41179002/41179003;
Fax : +91-080-41179007/28362452
E-mail: cs@scottsgarments.com

X) CHANGES IN AUDITORS

There has been no change in the auditor of the Company since past three years

Y) CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS

Our company has issued 1,20,12,000 Equity Shares in the ratio of 12 equity shares for every 1 equity share held (12:1), on 28/03/2006 by capitalizing share premium account and reserves or profits.

Z) REVALUATION OF ASSETS DURING THE LAST 5 YEARS

The company has not revalued its assets during the last 5 years.

SECTION VI - OFFERING INFORMATION

A) 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 Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN 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, Government of India, the Stock Exchanges, the Reserve Bank of India, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

MODE OF PAYMENT OF DIVIDEND

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is ₹ 10/- each and the Floor Price is ₹ 130/- and the Cap Price is ₹ 132/- per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, 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 annual reports and notices to members;
- 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, 1956 and the Memorandum and Articles of Association of the Company.

MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 100 Equity Shares.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, 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. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the 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 our 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, our 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 90 days, our 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 the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the 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 we do not receive the minimum subscription of 90% of the offer through offer document including devolvement of the 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 8 days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

Our Company's shares will be traded in dematerialised form only and hence the marketable lot would be one (1) equity share. Therefore the possibility of odd lots would not arise.

RESTRICTIONS ON TRANSFER OF SHARES

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution in the Issue as detailed in "Capital Structure" on page. 37, and except as provided in the Articles, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares/ debentures and on their consolidation/ splitting except as provided in the Articles. Please see "Main Provisions of the Articles of Association" on page 279.

B. ISSUE STRUCTURE

Public Issue of 1,05,06,954 Equity Shares of face value ₹10/- each for cash by the company issued at a price of ₹ [●] per Equity Share, aggregating ₹ [●] Lacs (hereinafter referred to as the "Issue"). Up to 4,50,000 Equity Shares will be reserved in the Issue for subscription by Employees at the Issue Price and a Net Issue of 1,00,56,954 Equity Shares of ₹ 10/- each. The Issue would constitute 26.95% of the post Issue paid-up capital of the Company and the Net Issue will constitute 25.80% of the post Issue paid up capital of the Company. The Issue is being made through the 100% Book Building Process.

Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Upto 4,50,000 equity shares	25,14,238 Equity Shares will be allotted to QIBs.	Not less than 40,22,782 Equity Shares shall be available for allocation.	Not less than 35,19,934 Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Upto 4.28% of the Issue size.	25% of the Net Issue (of which 5% shall be reserved for Mutual Funds) 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, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 40% of the Net Issue or allocation to QIBs and Retail Portion	Not less than 35% of the Net Issue or Issue less the allocation to QIBs and Non-Institutional Portion.
Basis of allocation if respective category is oversubscribed	Proportionate	Proportionate (a) 1,25,712 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 23,88,526 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Firm Allotment upto minimum bid lot size# and balance on Proportionate

Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Minimum Bid	100 Equity Shares and in multiples of 100 Equity Share thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of 100 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of 100 Equity Shares thereafter.	100 Equity Shares and in multiples of 100 Equity Share thereafter.
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder **	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed ₹200,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply *	Eligible Employees of the Company	Public financial institutions specified in Section 4A of the Companies Act, FIIs (and their subaccounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, FVCIs registered with SEBI (subject to receipt of appropriate approvals by the FVCI from the appropriate regulatory authority), venture	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions societies and trusts, and any FII sub-account registered with SEBI, which is a foreign corporate or foreign individual and Eligible QFIs	Individuals (including HUFs in the name of karta) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed ₹200,000 in value.

Particulars	Employees Reservation Portion	QIBs	Non-Institutional Bidders	Retail Individual Bidders
		capital funds registered with the SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of GoI published in the Gazette of India and insurance funds set up and managed by the Army, Navy or Air Force of the Union of India		
Terms of Payment	Full Bid Amount shall be payable at the time of submission of Bid-cum-Application Form.	Full Bid Amount shall be blocked in an account with the SCSBs at the time of submission of Bid-cum-Application Form.	Full Bid Amount applicable shall be blocked in an account with the SCSBs at the time of submission of Bid-cum-Application Form.	Full Bid Amount applicable at the time of submission of Bid - cum - Application Form.
Bidding Mechanism	ASBA is optional and Bids could be submitted through ASBA or non- ASBA	ASBA is mandatory	ASBA is mandatory	ASBA is optional and Bids could be submitted through ASBA or non- ASBA

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in NII and Retail category would be allowed to be met with spill over inter-se from any of the other categories,

at the sole discretion of the Company, the BRLM, the Co-BRLM and subject to applicable provisions of the SEBI Regulations.

Subject to availability of Shares in the Retail Category

**In case the Bid-cum-Application 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.*

***If the aggregate demand in this category is less than or equal to 4,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed ₹ 2,00,000/-. The aggregate of reservations for employees shall not exceed five per cent of the post issue capital of the Company*

If the aggregate demand by Mutual Funds is less than 1,25,712 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Withdrawal of this Issue

The Company, in consultation with the BRLM and the Co-BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Bidding/Issue Programme

BID/ISSUE OPENS ON	THURSDAY, APRIL 25, 2013
BID/ISSUE CLOSSES ON	MONDAY, APRIL 29, 2013

An indicative timetable in respect of this issue is set out below :

Event	Indicative Date
Bid/Issue Closing Date	April 29, 2013
Finalisation of basis of allotment with Stock Exchanges	May 09, 2013
Initiation of refunds	May 09, 2013
Credit of Equity shares to investor`s demat accounts instruction	May 10, 2013
Credit of Equity shares to investor`s demat accounts	May 13, 2013
Commencement of trading	May 14, 2013

*Working days are all days except Sundays and Bank Holidays

The above timetable is indicative and does not constitute any obligation on the Company or the BRLMs. The Company and BRLMs shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 12 Working Days of the Bid/ Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/ Issue Period by the Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

Except in relation to the revision of Bids by the Retail Individual Bidders, Bids and any revision in Bids will be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding centers or with the Syndicate Members at the Specified Centers and the Designated Branches of SCSBs as mentioned in the Bid cum Application Form. **On the Bid Closing Date, Bids and revision of bids excluding ASBA Bids shall be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) 5.00 p.m. which may be extended up to such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders and Eligible Employees. 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. Retail Individual Bidders may either withdraw or revise their Bid at any time prior to the finalisation of Allotment. QIB Bidders and Non-Institutional Bidders may revise their Bids upwards (in terms of quantity of Equity Shares or the Bid Amount) during the Bid/Issue Period. Such upward revision(s) must be made using the Revision Form. QIB Bidders and Non-Institutional Bidders are not permitted to lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage.

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 the Bid file received from the Stock Exchanges 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 submitted through the ASBA process, for a particular ASBA Bidder, the details as per the Bid file received from the Stock Exchanges of that Bidder may be taken as the final data for the purpose of allotment.

Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one Working Day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, 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 in the Issue. If such Bids are not uploaded, the Company and the Syndicate shall not be responsible. Bids will be accepted only between Monday and Friday (excluding any public holiday). Neither our Company nor any member of the Syndicate is liable for any failure in uploading the Bids due to failure in any software/hardware system or otherwise.

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders and Eligible Employees, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid-cum Application Forms as stated herein and reported by the BRLM, Co-BRLM to the Stock Exchanges within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the floor price originally disclosed in the RHP and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the Book Runners at the terminals of the Syndicate.

C) ISSUE PROCEDURE

This section applies to all Bidders. Please note that QIB Bidders and Non Institutional Bidders have to participate in the Issue through the ASBA process. Retail Individual Bidders can participate in the Issue through the ASBA process as well as the non ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.

Pursuant to Securities and Exchange Board of India circular no. CIR/CFD/14/2012 dated 04/10/2012, the investors can submit application forms in public issues using the stock broker network of Stock Exchanges, who may not be syndicate members in an issue. This mechanism can be used to submit ASBA as well as Non-ASBA applications. The details of the locations are available on the website of BSE and NSE i.e. www.bseindia.com and www.nseindia.com

Further, please note that pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2012, certain aspects, such as withdrawal and revision of Bids, manner of allocation to Retail Individual Bidders and announcement of Price Band, have been modified. Please note that such modifications have come into effect from October 12, 2012 and all Bidders are advised to read this section carefully before participating in the Issue.

Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Prospectus.

BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein 25% of the Net Issue will be allocated 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 only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 40% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue 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. Further up to 4,50,000 Equity Shares shall be available for allocation on a proportionate basis to Employees, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and in consultation with the BRLMs and the Designated Stock Exchange.

Bidders are required to submit their Bids through the members of the Syndicate or non syndicate members (nationwide broker network of Stock Exchanges). ASBA investors intending to subscribe to the issue shall submit a complete Bid cum Application form to the designated branch of the SCSB or syndicate member at specified cities or non syndicate members (nationwide broker network of Stock Exchanges). We, in consultation with the BRLM and the Co-BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the

Bid. In the cases of Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company will have a right to reject the Bids only on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will be only in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository accounts shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only on the dematerialised segment of the Stock Exchanges.

Bidders are required to ensure that the PAN (of the sole/ first Bidder) provided in the Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held.

BID CUM APPLICATION FORM

Pursuant to SEBI circular CIR/CFD/DIL/4/2011 dated September 27, 2011, Bid cum Application Forms have been standardized and it has been decided that henceforth there would only be a single form for ASBA and non-ASBA Bidders. It has also been decided that the Bid cum Application Form (accompanied with abridged prospectus) would be printed in a booklet form of A4 size paper.

Bidders (other than ASBA Bidders) shall submit the bid through the Syndicate. The Bidders 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. ASBA Bidders shall submit Bid cum Application Form to the SCSB authorising blocking of funds that are available in the bank account except for the ASBA Bids submitted in the Specified Cities through the Syndicate. In the case of Specified Cities, the ASBA Bids may either be submitted with the Designated Branches or with the Syndicate. Bid cum application forms will be available for download and printing, from websites of the Stock Exchanges which provide electronic interface for ASBA facility i.e. Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

ASBA Bidders bidding through the Syndicate should ensure that the Bid cum Application Form is submitted to the Syndicate only in the Specified Cities. ASBA Bidders should also note that the Bid cum Application Forms submitted to the Syndicate in the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Syndicate to deposit Bid cum Application Forms (A list of such branches is available at <http://www.sebi.gov.in/pmd/scsb-asba.html>). ASBA Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

Upon 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, Non Syndicate members or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus 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 or the ASBA Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians, QIBs, Eligible NRIs applying on a non-repatriation basis (ASBA and non ASBA)	White
Eligible NRIs and FIIs applying on a repatriation basis (ASBA and	Blue

Category	Colour of Bid cum Application Form
Non ASBA)	
Eligible Employees applying in the Employee Reservation Portion (ASBA and non ASBA)	Pink

ASBA Bidders shall submit an Bid cum Application Form either in physical or electronic form to the SCSB authorizing blocking the funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders except for the ASBA bids submitted in specified cities. In the case of Specified Cities, the ASBA Bids may be submitted with the members of the Syndicate. Kindly note that Bid cum Application Forms submitted by ASBA Bidders to members of the Syndicate at the Syndicate ASBA Bidding Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit the Bid cum Application Form (A list of such branches is available at <http://www.sebi.gov.in/pmd/scsb-asba.html>). The Bidders shall have the option to make a maximum of three Bids in the ASBA Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form.

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian Nationals, resident in India, who are competent to contract under Indian Contract Act, 1872 as amended and Minors, having valid demat account, as per demographic details provided by Depositories. ;
- Hindu Undivided Families or 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 the equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI and the SEBI Regulations and regulations, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI,
- Multilateral and Bilateral development financial institutions
- AIFs registered with SEBI;
- Eligible QFIs

- State Industrial Development Corporations;
- 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;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of ₹ 2500.00 lacs and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of ₹ 2500.00 lacs and who are authorized under their constitution to hold and invest in equity shares; and
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- Eligible Employees (as defined in the section “Definitions and Abbreviations” beginning on page i of the Red Herring Prospectus.)
- Limited Liability Partnerships registered under the Limited Liability Partnership Act, 2008
- Insurance funds set up and managed by the army, navy or air force of the Union of India
- Insurance funds set up and managed by Department of Posts, India;

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates of BRLM, Co-BRLM and Syndicate Member

The BRLM, the Co-BRLM and Syndicate Member shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM, the Co-BRLM and Syndicate Member may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

Bids by Eligible Employees

Reservation to Eligible employees has been provided in this issue, as per Regulation 42 of the SEBI (ICDR) Regulations, 2009. Eligible Employee shall mean a permanent and full-time employee working in India or abroad, of the issuer or of the holding company or subsidiary company or of that material associate(s) of the issuer whose financial statements are consolidated with the issuer’s financial statements as per Accounting Standard 21, or a director of the issuer, whether whole time or part time and does not include promoters and an immediate relative of the promoter (i.e., any spouse of that person, or any parent, brother, sister or child of that person or of the spouse);]

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made in the prescribed Bid-cum-Application Form or Revision Form.
- Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid-cum-Application Form.

- The sole/First Bidder should be Eligible Employees as defined above. 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 in the same sequence in which they appear in the Bid-cum-Application Form.
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than ₹ 200,000 in any of the bidding options can apply at the Cut-Off Price. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds ₹ 200,000.
- Bid/ Application by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 4,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed ₹ 2,00,000/-.
- Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is greater than 4,50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed ₹ 2,00,000/-.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 1,25,712 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

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 concerned for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any single 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 capital carrying voting rights.

The above information is given for the benefit of the Bidders. Our Company and the BRLM & 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 Red Herring Prospectus. 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.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital. In respect of an FII investing in the 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 of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual. The aggregate limit for FII investment is 24% of the capital of the company. This aggregate limit of 24% can be increased to the sectoral cap/statutory ceiling, through a resolution by its Board of Directors, followed by a special resolution to that effect.

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, offshore 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 Venture Capital Funds (VCF) And Foreign Venture Capital Investors (FVCI) and Alternative Investment Funds (AIF)

As per the current regulations, the following restrictions are applicable for Sebi registered venture capital funds and foreign venture capital investors and Alternative Investment Funds:

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 holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund (VCF); a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

Category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category

III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund under the category I AIFs, as defined in the SEBI AIF Regulations, can invest only up to 33.33% of the corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

Bids by Eligible QFIs

Pursuant to a circular dated January 13, 2012, the RBI has permitted Eligible QFIs to invest in equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have been permitted to invest in equity shares of Indian companies which are offered to the public in India in accordance with the SEBI Regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital of the Indian company, respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap.

QFIs shall be included under the Non-Institutional Bidders category. Further, the SEBI in its circular dated January 13, 2012 has specified, amongst other things, eligible transactions for Eligible QFIs (which includes investment in equity shares in public issues to be listed on recognised stock exchanges and sale of equity shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors in various respects including, margins, voting rights and public issues.

Eligible QFIs shall open a single non interest bearing Rupee account with an AD category-I bank in India for routing the payment for transactions relating to purchase of equity shares (including investment in equity shares in public issues) subject to the conditions as may be prescribed by the RBI from time to time.

Eligible QFIs who wish to participate in the Offer are required to submit the Bid cum Application Form for the Offer. Eligible QFIs are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour). Eligible QFIs are required to participate in the Offer through the ASBA process.

Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the LLP Act, a certified copy of certificate of registration issued under the LLP Act, must be attached to the Bid cum Application Form. Failing this, our Company reserve the right to reject any Bid without assigning any reason thereof.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPs); and
- (c) the industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of ULIPs).

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserve the right to reject any Bid, without assigning any reason thereof.

The above information is given for the benefit of the Bidders. The Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. 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

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed ₹200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed ₹ 200,000. In case the Bid Price is over ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. 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. **The Retail Individual Bidders may either withdraw or revise their Bid at any time prior to the finalisation of allotment.**
- b) **For Other Bidders (Non-Institutional Bidders and QIBs Portion):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹200,000 and in multiples of 100 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Regulations, a QIB Bidder and Non-Institutional Bidder cannot withdraw their Bid(s) or lower the size of their bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. QIBs and Non-Institutional Bidders are mandatorily required to submit their Bid through ASBA process. Non-Institutional Bidders and QIBs are not allowed to Bid at cut-off price.**

In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion.

- c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter. Eligible Employees, whose Bid Amount does not exceed ₹200,000, including due to any revision in the Price Band, may Bid at the Cut-off Price. Eligible Employees whose Bid Amount exceeds ₹200,000/- have to bid through ASBA only and may not Bid at Cut-off Price. A single applicant applying under the Employee Reservation portion may make an application for a number of specified securities which does not exceeds the reservation i.e; 4,50,000 equity shares. However, allocation shall be made on a proportionate basis provided that the

value of allotment to any employee in pursuance of the employee reservation, shall not exceed ₹ 2,00,000.

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 Red Herring Prospectus.

Information for the Bidders:

- (a) Our Company in consultation with the BRLM and Co- BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two (2) national newspaper one (1) each in English and Hindi newspaper and one regional newspaper with wide circulation. We shall announce the price band at least five working days before the opening of the bid, by way of an announcement in all the newspapers in which the pre-issue advertisement was released by our Company or the BRLM and Co-BRLM. The price band announcement shall contain relevant financial ratios computed for both upper and lower end of the price band and also a statement drawing the attention of the investors to the section titled "basis of issue price" in the offer document. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Offer Period. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges.
- (b) Bidding by QIBs will close one Working Day prior to the Bid Closing Date, provided that Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders.
- (c) Our Company will file the Red Herring Prospectus with the RoC before the Bid/Issue Opening Date in compliance with the SEBI (ICDR) Regulations 2009 and the Companies Act, 1956
- (d) The members of the Syndicate will circulate copies of the Bid-cum-Application Form to potential investors, and at the request of the potential investor's, copies of the Red Herring Prospectus. The SCSBs shall ensure that the abridged prospectus is made available on their websites.
- (e) Any Bidders (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the Registered Office or from any member of the Syndicate or the SCSBs.
- (f) Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM, Co-BRLM or Syndicate Member or their authorized agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids or the Syndicate in Specified Cities to register their Bids.
- (g) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch or the Syndicate in Specified Cities to register their Bids. ASBA Bidders bidding through a Syndicate Member should ensure that the Bid cum Application Form is submitted to a Syndicate Member only in the Specified Cities. ASBA Bidders should also ensure that the Bid cum Application Forms submitted to the Syndicate Members in the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (A list of such branches is available at <http://www.sebi.gov.in/pmd/scsbasba.html>)
- (h) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.

- (i) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the member of the Syndicate. Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate will be rejected. Further, such broker or SCSB branch shall affix its stamp, date and time on the Bid cum Application Form acknowledging the upload of the Bid in the electronic bidding system of the Stock Exchanges. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.
- (j) The Syndicate and the Designated Branches of the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period in accordance with the terms of the Syndicate Agreement.

The applicants may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID and Client ID and PAN available in the Settlement Depository database, the application is liable to be rejected.

Method and Process of Bidding

- (a) Our Company in consultation with the BRLM and Co-BRLM will decide the Price Band and the minimum Bid lot size for the Issue. The members of Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/Issue Period.
- (b) The Bid/Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. In case of revision in Price Band, the Bid/ Issue Period may be extended, if required, by minimum of three Working Days, 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 published in two national newspapers (one each in English and Hindi) and one regional newspaper with wide circulation and also by indicating the change on the websites of the BRLM, Co-BRLM and at the terminals of the Syndicate.
- (c) During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate (including at specified cities) or their authorised agents or SCSBs to register their Bids. The Syndicate shall accept Bids from all non ASBA Bidders and at specified cities from ASBA Bidders and have the right to vet the Bids during the Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs or the Syndicate (for the Bids to be submitted in the Specified Cities) to register their Bids.
- (d) 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” below) 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/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (e) 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 or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCBS will be treated as multiple Bids 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 allocation or Allotment of Equity Shares in this

Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled – “Build up of the Book and Revision of Bids”.

- (f) The Syndicate/the SCSBs will enter each Bid 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.
- (g) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in – “Escrow Mechanism - Terms of payment and payment into the Escrow Accounts” on page 260.
- (h) Upon receipt of the Bid cum Application Form from ASBA Bidder, whether submitted 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 Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- (i) 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.
- (j) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- (k) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Bid cum Application Form, as the case may be. 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 ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.
- (l) Pursuant to SEBI Circular No. CIR/CFD/14/2012 dated October 04, 2012 all investors can submit their application form through nationwide broker network of Stock Exchanges (i.e. around four hundred (400) broker centres to be covered by January 01, 2013). The details of locations including name of the broker, contact details such as name of the contact person, postal address, telephone number, e-mail address of the broker, etc. where the application forms shall be collected will be disclosed by the Stock Exchanges on their websites.
 - Application forms can be downloaded from the Stock Exchanges websites/broker terminals, so that any investor or stock broker can download/print the forms directly.
 - Eligible investor may submit the application indicating the mode of payment to any of the registered broker of the Stock Exchange having its office in any of the broker centre of the Stock Exchange
 - All accepted applications shall be stamped and thereby acknowledged by the broker at the time of receipt and will be uploaded on the Stock Exchange platform
 - Broker shall be responsible for uploading the bid on the Stock Exchange platform, banking the cheque/submitting the ASBA form to SCSB, etc. and liable for any failure in this regard
 - In case of non-ASBA application, broker to deposit the cheque, prepare electronic schedule and send it to Banker to the Issue. All Bankers to the Issue (“BTI”), which have branch/es in a broker centre, shall ensure that at least one of its branches in the broker centre accepts cheques. Brokers shall deposit the cheque in any of the bank branch of the collecting bank in the broker centre. Brokers shall also update the electronic schedule (containing application details including the

application amount) as downloaded from Stock Exchange platform and send it to local branch of the collecting bank. Brokers shall retain all physical applications initially and send it to Registrar to Issue ("RTA" or "Registrar") after 6 months

- In case of ASBA application, broker to forward a schedule along with application form to respective ASBA Branch. Broker shall forward a schedule (containing application number and amount) along with application forms to the branch named for ASBA of the respective self certified syndicate banks (SCSBs) for blocking of fund

Bids at Different Price Levels and Revision of Bids

1. 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 ₹ 200,000 and Bidders in the Employee Reservation Portion may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders or Bidders in the Employee Reservation Portion bidding in excess of ₹ 200,000 and such bids shall be rejected.
2. Retail Individual Bidders and Bidders in Employee Reservation Portion who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Bidders in Employee Reservation Portion bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders Bidders in Employee Reservation Portion who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders and Bidders in Employee Reservation portion who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
3. The Retail individual bidder may either withdraw or revise their bids until finalization of allotment whereas Qualified Institutional Bidders and Non Institutional Bidders shall neither withdraw nor lower the size of their bids at any stage.
4. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders in the Employee Reservation portion who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed ₹ 200,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds ₹ 200,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non- Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.
5. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders in the Employee Reservation portion who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

6. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 100 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of ₹ 10,000 to ₹ 15,000.
7. Revision option is also available to ASBA investor. For details, please refer section “ASBA Process” in this Red Herring Prospectus.
8. The 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. However, for any revision(s) in the Bid, the Bidder(s) will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.
9. Revisions can be made in both the desired number of Equity Shares and the Bid price by using 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 complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
10. The QIB and Non Institutional Bidder can increase the bid size during the Bidding/ Issue 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 had place the original Bid.
11. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
12. 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 of refund in accordance with the terms of this Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
13. 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 revision of the original bid.**

Electronic Registration of Bids

- (a) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.
- (b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.
- (c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted.
- (d) The BRLM Co-BRLM, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It

shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

- (e) In case of apparent data entry error by either the members of the Syndicate or the SCSBs in entering the Bid cum Application Form number in their respective schedules other things remaining unchanged, the Bid cum Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).
- (f) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM, Co-BRLM on a regular basis.
- (g) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/ Issue Period.
- (h) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:
 - Name of the Bidder: Bidders 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, Bidders 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, QIBs, Eligible NRI, FVCI, FII & sub-account registered with SEBI (*other than a sub-account which is a foreign corporate or foreign individual*) or Mutual Fund, etc.
 - Numbers of Equity Shares Bid for.
 - Price Per Equity Share (price option)
 - Bid Amount.
 - Bid cum Application Form number.
 - DP ID and client identification number of the beneficiary account of the Bidder.
 - PAN
 - Cheque Number

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s);
- Bid cum Application Form Number;
- PAN (of First Bidder, in case of more than one Bidder);
- Investor Category and Sub-Category;

Retail	Non- Institutional	QIB
(No sub category)	<ul style="list-style-type: none"> • Individual • corporate • other 	<ul style="list-style-type: none"> • Mutual Funds • Financial Institutions • Insurance companies • Foreign Institutional • Investors other than • corporate and individual • sub-accounts

- Employee/shareholder (if reservation);
 - DP ID and client identification number;
 - Beneficiary account number of Equity Shares Bid for;
 - Quantity;
 - Price Per Equity Share (price option)
 - Bid Amount and
 - Bank account number;
- (i) 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 Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/ Allotted either by the Syndicate or our Company.
- (j) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (k) In case of QIB Bidders, only the BRLM, Co-BRLM, SCSBs and their Affiliate Syndicate Members (only in specified cities) have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, Bids will be rejected on technical grounds listed on page 263. The Members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.
- (l) 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 and/or the BRLM, Co-BRLM are cleared or approved by the Stock Exchanges; 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 our Company, the Promoter, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (m) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate and the SCSBs will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online IPO system during the Bid/Issue Period after which the date will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of any discrepancy of data between the BSE or the NSE and the Members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in

consultation with the BRLM, Co-BRLM and the Registrar, based on the physical records of Bid Cum Application Forms shall be final and binding on all concerned. If the Syndicate Members finds any discrepancy in the DP name, DP Id and the Client Id, the Syndicate Members will correct the same and send the data to the Registrar for reconciliation and Allotment of Equity Shares.

Build up of the book and revision of Bids:

- (a) Bids received from various Bidders through the Syndicate, Non-Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.
- (b) The Book gets built up at various price levels. This information will be available with the BRLM and Co-BRLM on a regular basis at the end of the Bid/Issue Period.
- (c) The Retail individual bidder may either withdraw or revise their bids until finalization of allotment whereas Qualified Institutional Bidders and Non Institutional Bidders shall neither withdraw nor lower the size of their bids at any stage. However, the QIB and Non institutional Bidders are free to increase the size of bids.
- (d) The 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.
- (e) Revisions can be made in both the desired number of Equity Shares and the Bid Amount 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 such Bidder 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 revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.
- (f) The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate, Non-Syndicate or the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall 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 ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate or Non Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. 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 downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
- (i) Our Company, in consultation with the BRLM and Co-BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000.

- (j) 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. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate or Non Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders. In such cases, the Syndicate or Non Syndicate will revise the earlier Bids details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
- (k) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the Syndicate or the SCSB, as applicable. 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.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM and the Co-BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. Our Company in consultation with the BRLM and Co-BRLM, shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.
3. The allocation to QIBs will be 25% of the Net Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not less than 40% and 35% of the Net Issue respectively. The allocation in retail category shall be on firm allotment basis subject to availability of equity shares and, would be on proportionate basis to QIB and Non-Institutional Bidder, in the manner specified in the SEBI Regulations and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Under subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.
5. Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
6. Only Bids that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate, Non Syndicate and the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate, Non Syndicate and the SCSBs will be given up to one Working Day after the Bid Closing Date to modify/ verify certain selected fields uploaded in the online system during the Bidding Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.
In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Bids are liable to be rejected.
7. The BRLM and Co-BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
8. The Allotment details shall be put on the website of the Registrar to the Issue.

Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the BRLM, Co-BRLM and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language daily newspaper, each with wide circulation.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement 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. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allotment Note ("CAN")

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.. However, Bidders should note that our Company shall ensure that (i) the Allotment of the Equity Shares and (ii) the instructions by the Company for the demat credit of the Equity Shares, to all Bidders in this Issue shall be done on the same date.
- (b) The Registrar will then dispatch a CAN to the Bidders who have been Allotted Equity Shares in the Issue.
- (c) The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.

Unblocking of ASBA Account

Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account designated for this purpose, within the timelines specified in the ASBA facility: (i) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in above shall be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn and/or unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS**Do's:**

- a) Check if you are eligible to apply;
- b) Ensure that you have Bid within the Price Band;
- c) Read all the instructions carefully and complete the Bid cum Application Form;
- d) Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialised form only;
- e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted either to Syndicate (only in specified cities) or at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account. Further, such syndicate or SCSB branch shall affix its stamp, date and time on the Bid cum Application Form acknowledging the upload of Bid in the electronic bidding system of the Stock Exchange. Where applications are submitted to a Non Syndicate member the applications may or may not bear stamp of a member of the Syndicate.
- f) With respect to ASBA Bids ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- g) QIBs and Non - Institutional bidders should submit their bids through ASBA process only;
- h) Ensure that you request for and receive a TRS for all your Bid options;
- i) ASBA Bidders should ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the Bid cum Application Form to the respective Designated Branch of the SCSB or syndicate in the specified cities;
- j) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs.
- k) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- l) Submit revised Bids to the same member of the Syndicate or Non Syndicate through whom the original Bid was placed and obtain a revised TRS;
- m) Except for Bids submitted on behalf of the Central Government or the State Government and officials appointed by a court, all Bidders should mention their PAN allotted under the IT Act;

- n) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- o) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form 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 Bid cum Application Form.

Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
- c) Do not withdraw or lower the size of your Bids at any stage (both in terms of number of Equity Shares Bid for and Bid Amount), in case you are a Non Institutional Bidder or a QIB Bidder
- d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate, Non Syndicate or the SCSBs, as applicable;
- e) Do not pay the Bid Amount in cash, by money order or by postal order or by stock invest;
- f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate, Non Syndicate or the SCSBs only;
- g) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for Bid Amount in excess of ₹ 200,000);
- h) Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders and Eligible Employees bidding under the Employee Portion);
- i) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- j) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground; and
- k) Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms, or on Bid cum application Forms in a colour prescribed for another category of Bidder;
- l) Do not submit the Bids without the full Bid Amount.
- m) Do not Bid if you are not competent to contract under the Indian Contract Act, 1872
- n) Do not submit ASBA Bids to a Syndicate Member in the Specified Cities unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at-least one branch in the relevant Specified City, for the Syndicate Members to deposit Bid cum Application Forms (A list of such branches is available at <http://www.sebi.gov.in/pmd/scsb-asba.html>).

Instructions for Completing the Bid cum Application Form

Bids must be:

- a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- 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. Bidders should note that the

Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.

- c) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate, Non - Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
- d) For Retail Individual Bidders, the Bid must be for a minimum of 100 Equity Shares and in multiples of 100 thereafter subject to a maximum Bid Amount of ₹ 200,000.
- e) In case of Eligible Employees, Bids and revision of Bids must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter, so as to ensure that the Bid Amount does not exceed Rs. 200,000. In case the Bid Amount is over Rs. 200,000, due to, among other things, revision of the Bid or revision of the Price Band or on exercise of bidding at Cut-off Price, the Bid is liable to be rejected. Eligible Employees bidding in the Employee Reservation Portion have the option to bid at Cut-off Price indicating their agreement to Bid and purchase at the Issue Price. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price at the time of making a Bid.
- f) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 200,000 and in multiples of 100 Equity Shares thereafter. Bids cannot be made for more than the Issue size. 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 the applicable laws or regulations.
- g) In case of joint bidding, the Bid cum Application Form should be submitted with single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. 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 despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLM, Co-BRLM or the Registrar or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the Refund Orders/CANs/Allotment Advice and printing of Bank particulars on the refund orders.

The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders not receiving refunds through electronic transfer of funds, 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 Bidder 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 and neither the Bank, the Registrar, Escrow Collection Bank(s) nor the BRLM, Co-BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of Bidders receiving refunds through electronic modes, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.

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.

Our Company in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate 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 US 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. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

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 Articles of Association and/or bye laws must be along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

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 lodged along with the Bid cum Application Form. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate 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 therefore.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the Bids made by provident funds with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous submission of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLM and Co-BRLM may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) 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 would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks 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 funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the Bid cum Application Form. The SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the Bid cum Application Form and each ASBA Bidder or the account holder shall be deemed to have agreed to block such amount. 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 unblock the Bid Amount. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account and it shall be acted by SCSB within one day of receipt of such instruction. 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 Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the Bid Amount payable on the Bid as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident Retail: ESCROW ACCOUNT - SGL - R
 - (b) In case of Non-Resident Retail: ESCROW ACCOUNT - SGL - NR
 - (c) In case of Eligible Employees: – ESCROW ACCOUNT - SGL - ELIGIBLE EMPLOYEES - R
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 Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
5. In case of Bids by NRIs applying on non-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 or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-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 or NRO Account.
6. In case of Bids by FIIs, 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.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account 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 ten (10) Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.
10. Payments should be made by cheque, or a demand draft 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 centre where the Bid cum Application Form is submitted. Outstation cheques/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/ stock invest/money orders/postal orders 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 Syndicate at the time of submission of the Bid. With respect to the ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre 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

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication 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). In this regard, all Bids will be checked for common PAN as per Depository records and all such bids will be treated as multiple Bids and are liable to be rejected. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of the Mutual Fund and such Bids in respect of over one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Eligible Employees can Bid in the Employee Reservation Portion and the Net Offer and such Bids shall not be considered as multiple Bids.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All Bids will be checked for common PAN and will be accumulated and taken to a separate process file which will serve as a multiple master document. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The applications will be electronically matched for Depository Participant's Identity (DP ID) and (Client ID) numbers. If applications bear the same numbers, these will be treated as multiple applications.

Our Company, in consultation with the BRLM and Co-BRLM reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are 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.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

Our Right to Reject Bids

In case of QIB Bidders, our Company in consultation with the BRLM and CO-BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company, BRLM and Co-BRLM has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/NEFT/NECS/Direct Credit/cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs 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 of the SCSB 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.

GROUNDINGS FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

- Bid by persons not competent to contract under Indian contract Act, 1872 as amended, except bids by Minors having valid demat account as per demographic details provided by Depositories.
- PAN not mentioned in the Bid cum Application Form except for Bids by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim provided such claims have been verified by the Depository Participants, DP ID and Client ID not mentioned in the Bidcum Application Form;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Bids submitted by Retail Individual Bidders, wherein the Bid Amount exceeds Rs. 200,000 upon revision of Bids;
- Bids by persons, other than Eligible Employees, in the Employee Reservation Portion;
- Signature of First/sole Bidder missing;
- Submission of more than five Bid cum Application Forms per ASBA Account;
- Application by banks not through separate account in own name with **any other** SEBI registered SCSB/s (SEBI Circular No. CIR/CFD/DIL/1/2013)
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;
- Bids by QIBs and Non-Institutional Bidders not submitted through ASBA;
- Bids for more than ₹ 2,00,000 applying through Non ASBA process
- Bids for number of Equity Shares which are not in multiples of 100;
- Multiple Bids as defined in the Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stock invest/money order/postal order/cash;
- Signature of sole and/or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLM, Co-BRLM or Syndicate Members or the SCSB;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- 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 account number;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by QIBs not submitted through the BRLM and the Co-BRLM or in case of ASBA Bids for QIBs not intimated to the BRLM and the Co-BRLM;
- Bids by OCBs;
- Bids by persons in the United States excluding qualified institutional buyers as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;

- Bids not uploaded on the terminals of the Stock Exchanges; and Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.
- In case of Bid cum Application Forms submitted to the members of the Syndicate, if the SCSB whose name has been included in the Bid cum Application Form does not have a branch at the relevant Syndicate ASBA

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES OR THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES, THE APPLICATION IS LIABLE TO BE REJECTED.

For Bid cum Application Forms submitted by non-ASBA Bidders, the Basis of Allotment will be based on the Registrar's validation of the electronic Bid details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic Bid details in terms of SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010 and SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar will undertake technical rejections based on the electronic Bid details and the Depository database. In case of any discrepancy between the electronic Bid data and the Depository records, our Company in consultation with the BRLMs, the Registrar and the Designated Stock Exchange, reserves the right to proceed as per the Depository records or treat such Bid as rejected.

For ASBA Bids submitted to the SCSBs, in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, the Registrar will reconcile the compiled data received from the Stock Exchanges and all SCSBs, and match such data with the Depository database for correctness of DP ID, Client ID and PAN. In cases where any DP ID, Client ID and PAN mentioned in the Bid file does not match the one available in the Depository database, our Company reserves the right to proceed as per the Depository records for such ASBA Bids or treat such ASBA Bids as rejected. The Registrar will reject multiple ASBA Bids based on common PAN.

For ASBA Bids submitted to the members of the Syndicate at the Syndicate ASBA Bidding Locations, the Basis of Allotment will be based on the Registrar's validation of the electronic Bid details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic bid details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar will undertake technical rejections based on the electronic Bid data and the Depository records. In case of any discrepancy between the electronic Bid data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the BRLMs and the Registrar, reserves the right to proceed as per the Depository records or treat such ASBA Bid as rejected.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 60B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialized form (i.e., not in the form of physical certificates but the fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated 29/11/2010 with NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated 06/12/2010 with CDSL, the Company and the Registrar to the Issue.

The ISIN number allotted to the Company is INE688L01011

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participant of either NSDL or CDSL prior to making the Bid.
- b) 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.
- c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d) 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 account details in the Depository.
- e) 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.
- f) 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.
- g) 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 our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
- h) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

PAYMENT OF REFUND

Within 10 Working Days of the Bid Closing Date, the Registrar to the Issue will dispatch the refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also any excess amount paid on Bidding, after adjusting for allocation/ Allotment to Bidders

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. 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 despatch of refund order

or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue, the BRLM and Co-BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. **NECS** - Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility is available. . This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as appearing on a cheque leaf from the Depository. The payment of refund through NECS is mandatory for applicants having a bank account at any of the sixty eight (68) centres notified by SEBI, except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit or RTGS.
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.
3. **RTGS** - Applicants having a bank account at any of the above-mentioned 68 centers and whose refund amount exceeds ₹ Two Lacs, 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 NECS. 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 through Speed Post/ Registered Post for refund orders. 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.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within ten (10) working days of the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to Bidders other than ASBA Bidders, our Company shall ensure 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 after the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within Nine (9) Working Days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within ten (10) Working Days of the Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our 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 twelve (12) Working Days of the Bid Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within nine Working Days of the Bid Closing Date;
- With respect to Bidders other than ASBA Bidders, 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 ten (10) Working Days of the Bid Closing Date would be ensured. With respect to the ASBA Bidders' instructions for unblocking of the ASBA Bidder's bank account shall be made within ten days from the Bid Closing Date; and
- Our Company shall pay interest at 15% p.a. for any delay beyond the 15 days 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 eight days from the day the Company becomes liable to repay (i.e. 15 Days after the Bid Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest as prescribed under applicable law.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar to the Issue

Allotment of Equity Shares in the Issue, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than ten Working Days of the Bid Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day the Company becomes liable to repay (i.e. 15 Days after the Bid Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such

money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”*
- (b) *otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”*

BASIS OF ALLOTMENT

A. 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 category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 35,19,934 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- In the event, the Bids received from Retail Individual Bidders exceeds 35,19,934 Equity Shares, then the maximum number of Retail Individual Bidders who can be allocated/ Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for allocation/Allotment to Retail Individual Bidders by the minimum Bid Lot (“**Maximum RII Allotees**”). The allocation/Allotment to Retail Individual Bidders will then be made in the following manner:
 - In the event the number of Retail Individual Bidders who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allotees, (i) Retail Individual Bidders shall be allocated / Allotted the minimum Bid Lot; and (ii) the balance Equity Shares, if any, remaining in the Retail Portion shall be allocated/ Allotted on a proportionate basis to the Retail Individual Bidders who have received allocation/Allotment as per (i) above for less than the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- In the event the number of Retail Individual Bidders who have submitted valid Bids in the Offer is more than Maximum RII Allotees, the Retail Individual Bidders (in that category) who will then be allocated/ Allotted minimum Bid Lot shall be determined on draw of lots basis. For the method of basis of Allotment, refer illustration below.

Illustration Explaining Procedure of Allotment for Retail Bidder

- (1) Total no. of specified securities on offer @ Rs. 600 per share: 1 crore specified securities.
- (2) Specified securities on offer for retail individual investors' category: 35 lakh specified securities.
- (3) The issue is over-subscribed 2.5 times whereas the retail individual investors' category is oversubscribed 4 times.
- (4) Issuer decides to fix the **minimum application / bid size as 20** specified securities (falling within the range of Rs. 10,000 - 15,000). Application can be made for a minimum of 20 specified securities and in multiples thereof.
- (5) Assume that a total of **one lakh retail individual investors** have applied in the issue, in varying number of bid lots i.e. between 1 - 16 bid lots, based on the maximum application size of upto Rs. 2,00,000.
- (6) Out of the one lakh investors, there are five retail individual investors A, B, C, D and E who have applied as follows: A has applied for 320 specified securities. B has applied for 220 specified securities. C has applied for 120 specified securities. D has applied for 60 specified securities and E has applied for 20 specified securities.

As per allotment procedure, the allotment to retail individual investors shall not be less than the minimum bid lot, subject to availability of shares, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Sr. No.	Name of Investor	Total Number of Specified securities applied for	Total number of specified securities eligible to be allotted
1	A	320	20 specified securities (i.e. the minimum bid lot) + 38 specified securities $[(35,00,000 - (1,00,000 * 20)) / (140,00,000 - (1,00,000 * 20))] * 300$ (i.e. 320-20)
2	B	220	20 specified securities (i.e. the minimum bid lot) + 25 specified securities $[(35,00,000 - (1,00,000 * 20)) / (140,00,000 - (1,00,000 * 20))] * 200$ (i.e. 220-20)
3	C	120	20 specified securities (i.e. the minimum bid lot) + 13 specified securities $[(35,00,000 - (1,00,000 * 20)) / (140,00,000 - (1,00,000 * 20))] * 100$ (i.e. 120-20)
4	D	60	20 specified securities (i.e. the minimum bid lot) + 5 specified securities $[(35,00,000 - (1,00,000 * 20)) / (140,00,000 - (1,00,000 * 20))] * 40$ (i.e. 60-20)
5	E	20	20 specified securities (i.e. the minimum bid lot)

B.

- (1) Total no. of specified securities on offer @ Rs. 600 per share: 1 crore specified securities.
- (2) Specified securities on offer for retail individual investors' category: 35 lakh specified securities.
- (3) The issue is over subscribed 7 times whereas the retail individual investors' category is over subscribed 9.37 times.
- (4) Issuer decides to fix the minimum application / bid size as 20 specified securities (falling within the range of Rs. 10,000 - 15,000). Application can be made for a minimum of 20 specified securities and in multiples thereof.
- (5) Assume that a total of two lakh retail individual investors have applied in the issue, in varying number of bid lots i.e. between 1 - 16 bid lots, based on the maximum application size of upto Rs.2,00,000, as per the table shown below.

(6) As per allotment procedure, the allotment to retail individual investors shall not be less than the minimum bid lot, subject to availability of shares.

(7) Since the total number of shares on offer to retail individual investors is 35,00,000 and the minimum bid lot is 20 shares, the maximum no. of investors who can be allotted this minimum bid lot will be 1,75,000. In other words, 1,75,000 retail applicants will get the minimum bid lot and the remaining 25,000 retail applicants will not get allotment.

The details of allotment shall be as follows:

No. of Lots	No. of Shares at each lot	No. of Retail Investors applying at each lot	Total No. of Shares applied for at each lot	No. of investors who shall receive minimum bid-lot (to be selected on lottery)
A	B	C	D = (B*C)	E
1	20	10,000	2,00,000	$8,750 = (1,75,000/2,00,000)*10,000$
2	40	10,000	4,00,000	8,750
3	60	10,000	6,00,000	8,750
4	80	10,000	8,00,000	8,750
5	100	20,000	20,00,000	17,500
6	120	20,000	24,00,000	17,500
7	140	15,000	21,00,000	13,125
8	160	20,000	32,00,000	17,500
9	180	10,000	18,00,000	8,750
10	200	15,000	30,00,000	13,125
11	220	10,000	22,00,000	8,750
12	240	10,000	24,00,000	8,750
13	260	10,000	26,00,000	8,750
14	280	5,000	14,00,000	4,375
15	300	15,000	45,00,000	13,125
16	320	10,000	32,00,000	8,750
Total		2,00,000	328,00,000	1,75,000

B. 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 category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 40,22,782 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than 40,22,782 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 100 Equity Shares. For the method of proportionate basis of allotment, refer below.

C. For QIBs

- 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 Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the 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 (b) below;
 - (b) In the second instance, Allotment to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription 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.
- The aggregate Allotment to QIB Bidders shall be 25,14,238 Equity Shares.

Employee Reservation Portion

Only Eligible Employees are eligible to apply under the Employee Reservation Portion

Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.

If the aggregate demand in this category is less than or equal to 4,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Provided that the value of allotment to any employee in pursuance of this reservation, shall not exceed ₹ 2,00,000/-.

If the aggregate demand in this category is greater than 4,50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 4,50,000 Equity Shares. Only Employees (as defined above) are eligible to apply under Employee Reservation Portion. For the method of proportionate allocation, refer below.

Procedure and Time of Schedule for Allotment and Demat Credit of Equity

The Issue will be conducted through a "100% book building process" pursuant to which the members of the Syndicate or SCSBs will accept bids for the Equity Shares during the Bidding/Issue Period. Following the expiration of the Bidding/Issue Period, our Company, in consultation with the BRLM and the Co-BRLM, will determine the Issue Price, and, in consultation with the BRLM and the Co-BRLM, the basis of allocation and entitlement to Allotment based on the bids received and subject to confirmation by the BSE. The SEBI (ICDR) Regulations require our Company to complete the Allotment to successful Bidders within ten (10) working days of the expiration of the Bidding / Issue period. The equity shares will be 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.

Method of Proportionate Basis of Allotment in the Issue

In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM, Co-BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalized in a fair and proper manner in accordance with the allotment procedure specified Schedule XV of SEBI (ICDR) Regulations 2009.

The Allotment to the QIB Bidders and Non-Institutional Bidders shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders in that respective category will be categorized according to the number of Equity Shares applied for.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is 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, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate Allotment is less than 100 Equity Shares per Bidder, the Allotment shall be made as follows:
 - 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 portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 100 Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than 100 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.
- (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 Allotted 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.

Illustration of Allotment to QIBs and Mutual Funds (“MF”) *(Investors should note that this example is solely for illustrative purposes and is not specific to the Offer)*

A. Issue Details

Sr. No.	Particulars	Issue details
1.	Issue size	200 million equity shares
2.	Allocation to QIB*	100 million equity shares
3.	Anchor Investor Portion	30 million equity shares
4.	Portion available to QIBs other than Anchor Investors [(2) minus (3)]	70 million equity shares
	Of which:	
	a. Allocation to MF (5%)	3.50 million equity shares
	b. Balance for all QIBs including MFs	66.50 million equity shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	500 million equity shares

* Where 50% of the issue size is required to be allotted to QIBs.

B. Details of QIB Bids

Sr. No.	Type of QIB bidders #	No. of shares bid for (in million)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF 1	40
7.	MF 2	40
8.	MF 3	80
9.	MF 4	20
10.	MF 5	20
	Total	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 35 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 665 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	6.65	0
A2	20	0	2.66	0
A3	130	0	17.29	0
A4	50	0	6.65	0
A5	50	0	6.65	0
MF 1	40	0.70	5.32	6.02
MF 2	40	0.70	5.32	6.02
MF 3	80	1.40	10.64	12.04
MF 4	20	0.35	2.66	3.01
MF 5	20	0.35	2.66	3.01
	500	3.5	66.5	30.01

Please note:

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in "Issue Structure" beginning on page 233.
- Out of 70 million equity shares allocated to QIBs, 3.5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 million equity shares in QIB category.
- The balance 70 million equity shares (i.e. 100 - 5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million equity shares (including five MF applicants who applied for 200 million equity shares).
- The figures in the fourth column entitled are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5) = No. of equity shares bid for (i.e. in column II) X 66.5 / 496.5
 - For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (i.e. in column II of the table above) less equity shares allotted (i.e., column III of the table above)] X 66.5 / 496.5
 - The numerator and denominator for arriving at allocation of 66.5 million equity shares to the 10 QIBs are reduced by 3.5 million equity shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Bidders residing at the centres where clearing houses are managed by the RBI will get refunds through NECS only, except where the Bidder is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, by registered or speed post at the sole or first Bidder's sole risk within 10 Working Days of the Bid Closing Date. Bidders to whom refunds

are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them of the mode of credit of refund within 10 Working Days of the Bid Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within eight Working Days of the Bid Closing Date..

Signing of Underwriting Agreement and Filing with Registrar of Companies (ROC)

- (a) We, the BRLM, Co-BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC in accordance with the applicable law,, which then would be termed as '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 Prospectus with the Registrar of Companies

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

UNDERTAKINGS BY THE COMPANY

Our Company undertakes that:

- The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily
- All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within twelve working days from the closure of the issue
- The funds required for making refund to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the captioned Public Issue.
- Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 days of closure of the issue, giving details of the bank where refund shall be credited along with amount and expected date of electronic credit of refund.
- The certificates of the shares/ refund orders to the Non-Resident Indians shall be dispatched within the specified time.
- No further issue of securities shall be made till the shares offered through the prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc
- That at any given time there shall be only one denomination for the shares of the company,
- That the company shall comply with such disclosure and accounting norms specified by the Board (SEBI) from time to time and
- That the adequate arrangements under the ASBA Process shall be made to collect all Bid cum Application Form and to consider them similar to Bid cum Application Form by non-ASBA applications while finalizing the basis of allotment.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- (a) all monies received out of the issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- (b) details of all monies utilised out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilised, and
- (c) details of all unutilised monies out of the issue, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Board of Directors also certifies that:

- the utilization of monies received under the Employee Reservation shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized and,
- the details of all monies out of the funds received under Employee Reservation shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued there under. While the policy of the Government 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, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment.

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 allotment.

As per the RBI regulations, OCBs cannot participate in this Issue.

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. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each



subaccount shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company incase such sub account is a foreign corporate or an individual. The aggregate FII holding should not exceed 24% of the total issued capital of our company.

The above information is given for the benefit of the Bidders. The Company and the BRLM, 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 Red Herring Prospectus. 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.

SECTION VII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

"CAPITAL AND INCREASE AND REDUCTION OF CAPITAL"	
Authorised Share Capital	
3	<p>The Authorised Share capital of the Company is ₹ 44,00,00,000/- (Rupees Forty Four Crores only) divided into 4,40,00,000 (Four Crore Forty Lakh) Equity Shares of ₹10/- (Rupees Ten only) each, with power to increase modify the said capital and to divide the Shares for the time being of the Company into several classes and attach thereto preferential, deferred, qualified or special rights or conditions, as may be determined by or in accordance with the Articles of Association of the Company and subject to applicable legislative provisions for the time being in force, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided for by the Articles of Association of the Company and subject to applicable legislative provisions for the time being in force. The Company shall be entitled to dematerialise its existing shares, reconvert its shares held by the depositories electronically to physical form and/or to offer its fresh shares in electronic form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.</p> <p>The minimum Paid-up Share Capital of the Company shall be ₹5,00,000/- (Rupees Five Lakhs only).</p>
Increase of Capital by the Company and how carried into effect.	
4	<p>The Company at the General Meeting may, from time to time, increase the capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any share of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with, and if the act allows without, a right of voting at general meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.</p>
Buy back of shares:	
6	<p>Notwithstanding anything contained in these articles, in accordance with the provisions of Sections 77A, 77AA and 77B of the Act or any statutory modification thereto and such other regulations and guidelines as may be issued in this regard by the relevant authorities, the Board of Directors may, if and when deem fit, buy back such of the Company's own shares, stocks or securities, whether or not they are redeemable, as it may decide, subject to such limits, upon such terms and conditions, and subject to such approval, as are specified in this regard.</p>
6A	<p>Subject to Article 6, the funds of the Company shall not be employed for the purchase of or lent on the security of shares of the Company and the Company shall not give, directly or indirectly any financial assistance whether by way of loan, guarantee or by provision of security or otherwise for the purpose of or in connection with any purchase of or subscription for the Shares in the</p>

		Company, its Holding Company.
6B		The article shall not be deemed to affect the power of the Company to enforce repayment of loans to members or to exercise a lien conferred by Article 40.
Further issue of Capital		
7	(1)	<p>Where at any 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 is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares out of the unissued capital or out of the increased share capital then;</p> <p>(a) such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.</p> <p>(b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of offer within which the offer, if not accepted, will be deemed to have been declined.</p> <p>(c) The aforesaid offer 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 the 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.</p> <p>(d) After the expiry of the time specified in the notice aforesaid 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 may dispose of them in such manner and to such person(s) as they may think, in their sole discretion, fit.</p>
	(2)	<p>Notwithstanding anything contained in preceding sub-clause, 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 (1) hereof) in any manner whatsoever.</p> <p>i. If a special resolution to that effect is passed by the Company in General Meeting; or</p> <p>ii. 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 motion moved in the general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, 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.</p>
	(3)	<p>Nothing in sub-clause (1)(c) above shall be deemed:</p> <p>a. To extend the time within which the offer should be accepted; to</p> <p>b. To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to</p>

		take the shares comprised in the renunciation
	(4)	<p>Nothing contained in this Article shall apply to the increase of the subscribed capital caused by the exercise of an option attached to the debentures issued or loans raised by the Company</p> <ul style="list-style-type: none"> i. to convert such debentures or loans into shares in the Company; or ii. to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise). <p>PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term provided for such option and such term:</p> <ul style="list-style-type: none"> a. 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 Rules; if any, made by, that Government in this behalf; and b. In the case of debentures 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 but the Company in General Meeting before the issue of the debentures or raising of the loans.
		Redeemable Preference shares.
8		Subject to the provisions of Sections 80, 85 and other applicable provisions of the Act, the Company shall have power to issue Preference Shares which are or at the option of the Company are liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption thereof.
		Provisions to apply on issue of Redeemable Preference Shares.
9		<p>On the issue of Redeemable Preference Shares under the provisions of Article 8 hereof, the following provisions shall take effect:</p> <ul style="list-style-type: none"> a. no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption; b. no such shares shall be redeemed unless they are fully paid; c. the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed; d. Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to reduction of the share capital of the company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
		Reduction of Capital.
10		The Company may (subject to the provisions of Sections 78,80,100 to 105 of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law by following the procedure prescribed by the Act.

Sub-division consolidation and cancellation of shares.	
11	Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is subdivided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
Modification of rights.	
12	Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into classes of shares all or any of the rights and privileges attached to each class may subject to the provisions of Sections 106 and 107 of the Act be modified, commuted, affected or abrogated, or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate general meeting of the holders of shares of the class.
13	(a) Subject to the provisions of Section 76 of the Act, the Company may at any time pay a 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, or procuring, or agreeing to procure, subscriptions (whether absolute or conditional) 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. (b) The Company may pay such sum for brokerage as may be lawful and reasonable.
Issue of Sweat Equity Shares:	
14	Company shall subject to and in accordance with the provisions of section 79A of the Act, shall have the power, by a Special Resolution passed at a General Meeting to issue Sweat Equity Shares to the Directors, Employees of either of the Company or of any of its subsidiary or holding Company.
SHARES AND SHARE CERTIFICATE	
15	The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in physical and dematerialised forms in any medium as may be permitted by law including in any form of electronic medium. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members Resident in that State or Country.
Shares to be numbered progressively and no share to be subdivided.	
16	The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein before mentioned no share shall be sub-divided. Every forfeited or surrendered share held in material form shall

		continue to bear the number by which the same was originally distinguished.
	Shares at the Disposal of the Directors.	
17		Subject to the provision of Section 81 of the Act and these Articles, the shares in 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 persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions 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.
	Powers of Company to issue shares in General Meeting.	
18		In addition to and without derogating from the powers for that purpose conferred on the Board by these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.
	Acceptance of shares.	
19		Any application signed by or on behalf of an applicant for share in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who pays or otherwise accepts any shares and whose name is entered in the Register of Members shall for the purpose of these Articles, be a Member.
	Deposit and call etc. to be a debt payable immediately.	
20		The money, if any, which the Board shall, on the allotment of any shares being made by it, require or direct to be paid by way of deposit call or otherwise in respect of any shares so allotted, shall immediately on the insertion 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 accordingly.
	Liability of Members.	
21		Every member, or his heirs, executors or administrators, shall pay to the Company the portion of 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 or fix for the payment thereof.
	Limitation of Time for Issue of Certificates	
22		<p>a. Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the Shares of each class of denomination registered in his name, or if the directors so approved (upon paying such fee as the Directors may from time to time determined) to several certificates, each for one or more of such shares and the company shall complete and keep 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 it shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number 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 person, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery vis-à-vis all such holders.</p> <p>b. Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single member, and the certificate of any share, which may be the subject of joint ownership may be delivered to anyone of such joint owners on behalf of all of them.</p> <p>c. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography; but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.</p>
	Issue of New Certificate in place of One Defaced, Lost or Destroyed	
23		<p>If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificates may be issued in lieu, thereof, If any Share Certificates is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deems adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificates under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹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, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities contracts (Regulation)Act,1956 or any other Act, or rules applicable in this behalf.</p> <p>The provisions of this Article shall mutatis mutandis apply to the debenture certificates of the Company.</p>
	Power of Board of Directors to Regulate sub-division or consolidation.	
24		Notwithstanding anything contained in Article 23, the Board of Directors or any committee thereof shall be entitled to refuse any application for sub-division or consolidation of shares into denominations of less than ten except when such sub-division or consolidation is required to be

		made to comply with a statutory order or an order or a decree of a Competent Court of Law or a request from a member to convert his holding of odd lots of shares into transferable/marketable lots, subject, however, to necessary verification by the Company.
		The first named of joint-holders deemed sole holder.
25		If any share stands in the names of two or more persons, the person first named in the Register of Members shall, as regards receipts of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the other joint-holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of share and for all incidents thereof according to the Company's regulations.
		Company not bound to recognise any interest in share other than that of registered holder.
26		Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust, equity, equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any two or more persons or the survivor or survivors of them.
		Provision for Employees' Stock Option
27		<p>a. Subject to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and subject to the Articles of Association, the Board may, from time to time, create, offer and issue to or for the benefit of the Company's employees including the Executive Chairman, Vice-Chairman, the Managing Directors and the Whole time Directors such number of equity shares of the Company, in one or more tranches on such terms as may be determined by the Board prior to the issue and offer, in consultation with the authorities concerned and in accordance with such guidelines or other provisions of law as may be prevalent at that time but ranking pari passu with the existing equity shares of the Company.</p> <p>b. The issue price of such shares shall be determined by the Board in accordance with the laws prevalent at the time of the issue.</p> <p>c. In the alternative to equity shares, mentioned hereinabove, the Board may also issue bonds, equity warrants or other securities as may be permitted in law, from time to time. All such issues as above are to be made in pursuance of Employees' Stock Option (ESOP) scheme to be drawn up and approved by the Board.</p>
INTEREST OUT OF CAPITAL		
		Interest may be paid out of capital.
28		Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid-up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction for the work of building, or the provision of plant.
CALLS		
		Directors may make calls.

29		The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment by a resolution passed at a meeting of the Board in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by instalments.
	Notice of calls.	
30		Fifteen day's notice in writing of any call be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.
	Calls to date from resolution.	
31		A call shall be deemed to have been made at the time when the resolution authorising such call is passed at a meeting of the Board.
	Call may be revoked or postponed	
32		A call may be revoked or postponed at the discretion of the Board.
	Joint-holders, jointly and severally liable to pay calls	
33		The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
	Power of Board to extend time for payment of calls.	
34		The Board may, from time to time at its discretion, extend the time fixed for the payment of any calls under Article 29.
	Calls to carry interest.	
35		If any member 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 time of actual payment at such rate as shall, from time to time, be fixed by the Board not exceeding 9 per cent per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
	Partial payment not to preclude forfeiture.	
38		Neither receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.
LIEN		
	Company to have lien on shares.	
39		The Company shall have a first and paramount lien upon all the share/Debentures (other than fully paid-up shares/debentures) registered in the name of such 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 shares shall be created except on the condition that this Article will have full affect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debenture. 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. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provision of the clause.
FORFEITURE OF SHARES		

If money payable on share not paid notice to be given to members	
42	If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued by the Company by reason of such non-payment.
In default of payment, shares to be forfeited.	
44	If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.
Member still liable to pay money owing at the time of forfeiture and interest.	
47	Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding nine percent per annum as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.
Effect of forfeiture	
48	The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and 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.
Cancellation of share certificates in respect of forfeited shares.	
51	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate of shares 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 duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.
Power to annul forfeiture	
52	The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.
TRANSFER AND TRANSMISSION OF SHARES	
Transfer or transmission of shares	
53	In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.
Register of Transfer	
54	The Company shall keep a `Register of Transfer' and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in material form.
Instrument of transfer	

55	<p>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.</p>
<p>Directors may Refuse to Register Transfer</p>	
56	<p>Subject to the provisions of Section 111 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 reason, 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 circumstance 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 register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company or any account whatsoever except when the company has a lien on the shares However, no transfer of shares/debentures shall be refused on the ground of them not being held in marketable lots.</p>
<p>Dematerialisation of Securities</p>	
58	<p>Company to recognise interest in dematerialised securities under Depositories Act.</p> <ul style="list-style-type: none"> (i) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof. (ii) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, dematerialise its securities held In the Depository and/or offer Its fresh securities in the dematerialised form pursuant to the Depositories Act and the rules framed thereunder, If any. (iii) Every person subscribing to or holding securities of the Company shall have the option to receive security certificate or to hold the security with a Depository, the Company shall Intimate such Depository the details of allotment of the security, and on receipt of the Information, the Depository shall enter in its record the name of the allottee ad the Beneficial Owner of the security. (iv) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners. (v) Notwithstanding anything to the contrary contained in the Act or the Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner. (vi) Same as otherwise provided In (1) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities

held by it.

- (vii) 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 the member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits subject to all the liabilities in respect of his securities which are held by a Depository.
- (viii) Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the register of members as holders of any share or where the name appears as Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles, otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
- (ix) Every Depository shall furnish to the Company about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
- (x) Upon receipt of certificate of securities of surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
- (xi) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfilment 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.
- (xii) Notwithstanding anything in the Act or these Articles to the contrary, these securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (xiii) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.
- (xiv) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository

	<p>immediately on allotment of such securities.</p> <p>(xv) The shares in the capital be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.</p> <p>(xvi) The Company shall cause to be kept a Register and index of Members and a Register and index of Debenture holders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronics media. The Register and index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to the Register and index of Members and Register and index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.</p> <p>(xvii) The Company shall keep a Register of Transfer and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.</p>
	<p>Death of one or more joint-holders of securities.</p>
<p>61</p>	<p>Every holder of share(s) in and/or debenture(s) of the Company may at any time nominate in the manner prescribed under the Act a person to whom his share(s) in and/or debenture(s) of the Company shall vest in the event of his death.</p> <p>Where the share(s) in and /or debenture of the Company, are held by more than the one person jointly, all the joint holders may together nominate in the manner prescribed under the Act a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be shall vest in the event of death of all the joint holders.</p> <p>Notwithstanding anything contained in any other law for the time being in force or in these article or in any disposition, whether testamentary or otherwise, in respect of such share(s) in , and/or debenture(s) of the Company, where a nomination made in the manner prescribed under the Act purports to confer on any person the right to vest the share(s) in and/or debenture(s) of the Company the nominee shall on the death of the shareholder and/or debenture holder concerned or on the death of all the joint holder, as the case may be, became entitled to all the rights in relation to such share(s) and/or debenture(s) to the exclusion of all other person unless the nomination is varied cancelled in the manner prescribed under the Act.</p> <p>Where the nominee is a minor the holder of the share(s) in and/or debenture(s) of the Company, can make a nomination in the manner prescribed under the Act to appoint any person to became entitled to the share(s) in and/or debentures(s) of the Company in the event of his death during the minority.</p>

62	<p>Notwithstanding anything contained in these article any person who became a nominee by virtue of the provision of Article 60 upon the production of such evidence as may be required by the Board and subject as hereinafter provided may elect either.</p> <p>To be registered himself as holder of the share(s) and/or debenture(s) as the case may be or</p> <p>To make such transfer of the share(s) and/ or debenture(s) as the case may be as the deceased shareholder and debenture holder as the case may be could have made.</p> <p>If the person being a nominee so becoming entitled elects to be registered as holder of the share(s) and/or debenture(s) himself he shall deliver or send to the Company, notice in writing duly signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder and/or debenture holder, as the case may be.</p> <p>All the limitation restriction and provision of the Act relating to the right to transfer and the registration transfer of share(s) and/or debenture (s) shall be applicable to any such notice or transfer as aforesaid as if the death of the share holder/debenture holder had not occurred and the notice or transfer were a transfer signed by that shareholder and/or debenture holder as the case may be.</p>
63	<p>A person, being nominee becoming entitled to the share(s) and/or debenture(s) by reason of the death of the shareholder shall be entitled to the same dividend and other advantage to which he would be entitled if he were the registered a member in respect of his share(s) and/or debenture(s) expect that he shall not, before being registered a member in respect of his share(s) or debenture(s) be entitled in respect of it to exercise any right conferred by membership in relation to meeting of the Company.</p> <p>Provided that the Board may, at any time give notice requiring any such person to elect either to be registered himself or to transfer the share(s) and/ or debenture(s) and if the notice is not complied with within ninety days, the Board may hereinafter withhold payment of all dividend bounces or other moneys payable in respect of the share(s) and/or debenture(s) until the requirement of the notice have been complied with.</p>
No transfer to infant, etc.	
64	No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind.
Registration of persons entitled to share otherwise than by transfer.	
65	<p>Subject to the provisions of the Act and Articles 60 and 61 any person becoming entitled to shares in consequences of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by transfer in accordance with these articles may with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.</p>

	Persons entitled may receive dividend.	
66		A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may be given a discharge for, any dividends or other moneys payable in respect of the share.
	No Fee on transfer or transmission.	
67		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 with the Company.
BORROWING POWERS		
	Powers to borrow	
70		Subject to the provision of Section 292 of the Act the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company. Provided however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loan obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.
	Payment or repayment of moneys borrowed.	
71		The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Ordinary Resolution shall prescribe including by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property 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 from any equities between the Company and the person to whom the same may be issued.
	Terms of issue of Debentures.	
72		Any debenture, 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 and attending (but not voting) at General Meetings, 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 General Meeting accorded by a Special Resolution.
	Register of Mortgages, etc. to be kept.	
73		The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Sections 118, 125 and 127 to 144 (both inclusive) of the act in that behalf to be duly complied with, so far as they fall to be complied with by the Board.
	Register and Index of Debenture-holders.	
74		The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture-holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Debenture-holders resident in that State or Country.

SHARE WARRANTS		
	Power to issue share warrants.	
75		The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115; 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 identity of the person signing the application, and on receiving the certificate (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, issue a share warrant.
	Deposit of share warrant	
76		<p>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 a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the share included in the deposited warrant.</p> <p>Not more than one person shall be recognised as depositor of the share warrant.</p> <p>The Company shall, on two days' written notice, return the deposited share warrant to the depositor.</p>
	Privileges and disabilities of the holders of share warrant.	
77		<p>Subject as herein otherwise expressly provided, no persons 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 notices from the Company.</p> <p>The bearer of a share warrant shall be entitled in all other respect to the same privileges and advantages as if he were named in the Register of Members as the holder of the share included in the warrant, and he shall be a member of the Company.</p>
	Issue of new share warrant or coupon.	
78		The Board may, from time to time, make rules 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.
MEETINGS OF MEMBERS		
	Annual General Meeting – Annual Return.	
81		The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings, other than Annual General Meetings shall be called "Extraordinary General Meetings". The first Annual General Meeting shall be held within six months after the expiry of the financial year in which the Company was established and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in

	<p>the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the Office of the Company or at some other place within the city in which the office of the Company is situate as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company, there shall be laid on the table the Director's Report and Audited Statement of Accounts, Auditor's Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with proxies and the Register of Directors' share holdings which latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.</p>
	<p>Extraordinary General Meeting.</p>
82	<p>The Board may, whenever it thinks fit, call an Extra ordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.</p>
	<p>Twenty one days' notice of meeting to be given.</p>
86	<p>At least Twenty-one days' notice of every General Meeting – Annual or Extraordinary – and by whomsoever called specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other meeting, with the consent of members holding not less than 95 percent of such part of the paid-up share capital of the Company as gives a right to vote at the 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 of Directors 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 material facts concerning each such item of business, including in particular the nature or interest if any, therein of every Director of the concern, and the Manager, (if any). Where any such item of special business relates to, or affects any other company, the extent of shareholding interest in other company of every Director, and the Manager if any, of the Company shall also be set out in the statement if the extent of such share-holding interest is not less than 20 per cent of the paid-up share capital of that other company. Where any item of business consists of 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.</p>

	General Meeting not to transact business not mentioned in the notice.	
88		No General Meeting, Annual or Extraordinary, shall be competent to enter upon discuss or transact any business which has not been mentioned in the notice or notices upon which the meeting was convened.
	Quorum at General Meeting.	
89		Five Members present in person shall form a quorum for a General Meeting.
	If quorum not present meeting to be dissolved or adjourned.	
90		If at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the Meeting if convened by or upon the requisition of Members, shall stand dissolved, but in any other case the Meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or at such other time and place within the city town or village in which the Registered Office of the Company is situated as the Board may determine, and if at such adjourned meeting, a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum, and may transact the business for which the Meeting was called. It shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
	Chairman of General Meeting.	
91		The Chairman of the Board shall be entitled to take the chair at every General Meeting whether Annual or Extra Ordinary. If the Chairman is unable or unwilling to take the chair or if he is not present within fifteen minutes of the time appointed for holding such meeting then the Vice Chairman shall be entitled to take the chair at such meeting. If there be no such Chairman and/or Vice Chairman if he/they are unable/unwilling to take the chair, or if he/they are not present within fifteen minutes of the time appointed for holding such meeting, then the Directors present shall elect another Director as Chairman, and if no Director is present, or if all the Directors present decline to take the chair, then the members present shall elect one of their number to be the Chairman.
	Scrutineers at poll.	
97		Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers to scrutinise the vote 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 office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.
	Passing of resolutions by postal ballot	
100		Subject to the provisions of Section 192A of the Act read with the Companies (passing of resolutions by postal ballot) rules, 2001, the Company may pass resolutions by way of postal ballot from time to time.
VOTES OF MEMBERS		
	Members in arrears not to vote.	
101		No member shall be entitled to vote either personally or by proxy at any General Meeting or meetings of class of shareholders either upon a show of hands or upon a poll in respect of any 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, and has exercised, any right of lien.
	Number of votes to which Member entitled.
102	Subject to the Provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member, not disqualified by the last preceding Article shall be entitled to be present and to speak and vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every member present in person shall have one vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, if any preference shareholder be present at any meeting of the Company, save as provided in Section 87 (2) (b) of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affects the right attached to his preference shares.
	Casting of votes by a member entitled to more than one vote.
103	On a poll taken at a meeting of the Company a member entitled to more than one vote, or his proxy or other persons 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.
	Votes of joint-members.
105	If there be joint registered holders of any shares, any one of such person may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting that one of the said persons so present whose name stand higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.
	Voting in person or by proxy.
106	Subject to the provisions of these Articles votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.
	Votes in respect of shares of deceased and insolvent Member.
107	Any person entitled under Article 64 to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that forty-eight hours atleast before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
	Appointment of proxy.
108	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 corporate body under the common seal of such corporation, or be signed by an officer or any attorney duly authorised 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.
		Proxy to vote only on a poll.
110		A member present by proxy shall be entitled to vote only on a poll.
		Chairman of the meeting to be the judge of validity of any vote.
115		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.
116		<p>The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered. Minutes of General Meeting and inspection thereof by members.</p> <p>Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of the Chairman within that period, by a Director duly authorised by the Board for the purpose.</p> <p>In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.</p> <p>The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.</p> <p>All appointments of Officers made at any meeting aforesaid shall be included in the minutes of the meeting.</p> <p>Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting (a) is or could necessarily be regarded as defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or (c) detrimental to the interest of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.</p> <p>Any such minutes shall be evidence of the proceedings recorded therein.</p> <p>The book containing the minutes of proceedings of General Meeting shall be kept at the office of the Company and shall be open during business hours, for such periods as the Directors may determine, for the inspection of any member without charge.</p>
DIRECTORS		
		Number of Directors
117		<p>Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of the Directors shall not be less than three nor more than twelve. The present Directors of the Company are:</p> <p>1.Mr. Naseer Ahmed</p>

		<p>2. Mrs. Nuzhat Aisha Naseer</p> <p>3. Mr. A. Arumugham</p>
118		<p>Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a whole-time Director of the Company for such period and upon such terms and conditions as the Board may decide. A Senior Executive so appointed shall be governed by the following provisions:</p> <p>When no Executive Chairman is appointed, the Whole-time Director or Directors, shall function, subject to the supervision and control of the Managing Director or Managing Directors.</p> <p>His remuneration shall be fixed by the Board and shall be payable out of the funds of the Company subject to the provisions of the Act and approval of the Company in the General Meeting.</p> <p>He shall not be required to hold any qualification share for his appointment as a whole-time Director of the Company.</p>
119		<p>Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all/or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such whole-time Directors.</p>
120		<p>In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorise such Company, Corporation, firm or person (hereinafter in this clause referred to as "Collaborator") to appoint from time to time, any person or persons as Director or Directors of the Company (hereinafter referred to as 'Special Director') and may agree that such special director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator arrangements or at any time thereafter.</p> <p>The Collaborator may at any time and from time to time remove any such special director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time, appoint any other person as a special director in his place and such appointment or removal shall be made in writing signed by such Company or Corporation or any partner or such person and shall be delivered to the Company at its registered office.</p> <p>It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as Director(s) and so that if more than one Collaborator is so entitled there may at any time be as many special directors as the Collaborators eligible to make the appointment.</p>
		<p>Power to appoint ex-officio Directors.</p>
121		<p>Whenever Directors enter into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as "the appointer") for</p>

	<p>borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or entering into any other arrangement whatsoever, the Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may fill any vacancy that may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including payment, remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.</p>
	Directors' power to add to the Board.
124	<p>Subject to the provisions of Section 260, 261 and 264, the Board shall have power at any time and from time to time to appoint any other qualified person to be an additional Director, but so that the total number of Directors shall not at any time exceed twelve. Any such additional Director shall hold office only up to the date of the next Annual General Meeting.</p>
	Directors' power to fill casual vacancies.
125	<p>Subject to the provisions of Section 261, 264 and 284 (4) the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.</p>
	Remuneration of Directors.
126	<p>Subject to the provisions of the Act, the Executive Chairman or a Managing Director or Director, who is in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.</p> <p>Subject to the provisions of the Act, a Director other than the Executive Chairman or a Director in the whole-time employment or a Managing Director may be paid remuneration either:</p> <p>by way of monthly, quarterly or annual payment with the approval of the Central Government; or</p> <p>by way of commission if the Company by a special resolution authorised such payment.</p> <p>The fee payable to a Director (including the Executive Chairman or a Managing or Whole time Director, if any) for attending a meeting of the Board or Committee thereof shall be decided by the Board of Directors from time to time within the minimum limit of such a fee that may be prescribed by the Central Government under the proviso to section 310 of the Companies Act, 1956.</p>
	Director may contract with Company.
130	<p>(a) A Director or his relative, a firm in which such Director or relative is a partner, or any other partner in such firm or a private company of which the Director is a member or director may</p>

	<p>enter into any contract with the Company for the sale, purchase or supply of any goods, materials, or services, or for underwriting the subscription of any shares in, or debentures of the Company subject to the provisions of the Section 297 of the Act.</p> <p>(b) No sanction shall, however, be necessary for :</p> <p>any purchase of goods and materials from the Company, or the sale of goods or materials to the Company, by any such Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or</p> <p>any contract or contracts between the Company on one side and any such Director, relative, firm partner or private company on the other side for sale, purchase or supply of any goods, materials and services in which either the Company or the Director, relative firm partner or private company, as the case may be regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed ₹ 5,000/- in the aggregate in any year comprised in the period of the contract or contracts. Provided that in circumstances of urgent necessity, a Director, relative, firm partner or private company as aforesaid may without obtaining the consent of the Board enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or the cost of such services exceeds ₹ 5000/- in the aggregate in any year comprised in the period of the contract if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.</p>
	Disclosure of interest.
131	<p>A Director of the Company who is in any way – whether directly or indirectly – concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act, provided that it shall not be necessary for a director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent of the paid-up share capital in any such other company.</p>
	General Notice of Interest.
132	<p>A general Notice given to the Board by the Director to the effect that he is a director or member of specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of the notice be entered into with that body corporate or firm shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.</p>
	Interested Directors not to participate or vote in Board's proceedings.
133	<p>No Director shall as a director, take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any</p>

	<p>way, whether directly or indirectly, concerned or interested in such contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote, his vote shall be void, provided however, that nothing herein contained shall apply to:</p> <p>any contract of indemnity against any loss which the Directors or anyone or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;</p> <p>any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;</p> <p>(i) in his being:</p> <p>a director of such company, and</p> <p>the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the company; or</p> <p>[ii] in his being a member holding not more than 2% of its paid-up share capital.</p>
	Register of contracts in which Directors are interested.
134	<p>The Company shall keep a Register in accordance with Section 301 (1) and shall within the time specified in Section 301 (2) enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company the names of the bodies, corporate and firms of which notice has been given by him under Article 132. The Register shall be kept at the office of the Company and shall be open to inspection at such office, and extracts may be taken therefrom and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.</p>
	Directors may be directors of companies promoted by the Company.
135	<p>A Director may be or become a Director of any company promoted by the Company or in which it may be interested as vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as a director or shareholder of such company except in so far as Section 309 (6) or Section 314 of the Act may be applicable.</p>
	Retirement by Rotation of Directors.
136	<p>At every Annual General Meeting of the Company, one third of such of the Directors for the time being as are liable to retire or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. The Debenture Directors, if any, shall not be counted in determining the number of Directors liable to retire by rotation.</p>
	Company may increase or reduce the number of Directors.
141	<p>Subject to Section 259 of the Act, the Company may by Ordinary Resolution, from time to time, increase or reduce the number of Directors, and may, (subject to the provisions of Section 284 of the Act) remove any director before the expiration of his period of office and appoint another</p>

		qualified person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.
		Disclosure by director of appointment to any other body corporate.
145		Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section of the Act), Managing Director, Manager, or Secretary of the Company shall within twenty days of his appointment to any of the above office in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
		Disclosure by a Director of his holding of shares and debentures of the Company, etc.
146		Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that section.
MANAGEMENT		
		Board may appoint Executive Chairman and Managing Directors
147		Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its members as Executive Chairman, Managing Director or Managing Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and subject to the provisions of Article 143, the Board may by resolution vest in such Executive Chairman, Managing Director or Managing Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of the Executive Chairman, Managing Director or Managing Directors may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes, or any other mode not expressly prohibited by the Act. The Executive Chairman and the Managing Director shall not be required to retire by Rotation under Article 137. Notwithstanding anything contained in this Article where no Executive Chairman is appointed as such, the Board of Director may elect, from time to time, any of its members, as Chairman who shall be subject to retirement by rotation. Subject to the provisions of the Act and of these Article, the Board shall have the power to nominate from time to time, any of its members as Vice-Chairman on such terms and conditions as the Board thinks fit. The Directors may whenever they appoint more than one Managing Director, designate one or more of them as "Joint Managing Director" or "Joint Managing Directors" or "Deputy Managing Director" or "Deputy Managing Directors", as the case may be, and accordingly the expression "Managing Director" shall also include and be deemed to include "Joint Managing Director" or "Deputy Managing Director" as the case may be.
		Managing Directors and Whole-time Directors to report to Executive Chairman
148		"The Managing Director or Managing Director or Directors who are in the whole time employment in the Company shall subject to supervision and control of the Executive Chairman, exercise such powers as are vested in them by the Board",
		Restriction on management.
149		The Executive Chairman or Managing Director or Managing Directors shall not exercise the powers to:

	<p>(a) make calls on shareholders in respect of money unpaid on the shares in the Company;</p> <p>(b) issue debentures; and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act shall also not exercise the powers to;</p> <p>(c) borrow moneys otherwise than on debentures;</p> <p>(d) invest the funds of the Company; and</p> <p>(e) make loans</p>
	Certain persons not to be appointed as Executive Chairman or Managing Director or Whole-time Director.
150	<p>The Company shall not appoint or employ, or continue the appointment or employment of a person as its Executive Chairman or Managing or Whole-time Director who,</p> <p>is an undischarged insolvent, or has any time been adjudged an insolvent;</p> <p>suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made, a composition with them, or</p> <p>is, or has at any time, been, convicted by a Court of an offence involving moral turpitude.</p>
PROCEEDINGS OF THE BOARD OF DIRECTORS	
	Meetings of Directors.
152	The Directors may meet together as a Board for the purpose of business from time to time, and shall so meet atleast once in every three months and atleast four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.
	Notice of Meetings.
153	Four clear day's notice at least of every meeting of the Board shall be given by the Secretary of the Company, if any, or by any person or persons nominated by the Executive Chairman, in writing to every Director at his usual address. Provided, however, that the Chairman of the Board shall have the powers to convene a meeting of the Board or to request the Secretary of the Company to convene a Meeting of the Board by giving a shorter notice. Such notice or shorter notice may be sent by hand delivery or post or by cable or telegram depending upon the circumstances.
	Quorum.
154	Subject to Section 287 of the Act, the Quorum for a meeting of the Board shall be one third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time.
	Adjournment of meeting for want of quorum.
155	If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned to such other date and time (if any) as may be fixed by the Chairman not being later than seven days from the date originally fixed for the meeting.

Chairman and Vice Chairman.		
157		The Executive Chairman or Chairman shall be the Chairman of the Board. If at any meeting of the Board, the Executive Chairman or Chairman is not present within fifteen minutes after the time appointed for holding the same or if the Executive Chairman or Chairman is unable or unwilling to take the chair, the Vice-Chairman shall be entitled to take the chair at such meeting. If there be no such Executive Chairman or Chairman and / or Vice-Chairman or if he / they are unable or unwilling to take the chair, or if he / they are not present within fifteen minutes of the time appointed for holding the meeting, then the Directors present may choose any one of their number to be the Chairman of the meeting.
158		Questions arising at any meeting of the Board, shall be decided by a majority of vote and in the case of an equality of votes the Chairman shall have a second or a casting vote.
Powers of Board Meeting.		
159		A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.
Directors may appoint Committee.		
160		Subject to the restriction contained in Section 292 of the Act the Board may delegate any of their powers to Committees of the Board consisting of such Member or Members of its body as it thinks fit, 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 purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations 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 purpose of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
Resolution by circulation.		
162		No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless the resolution has been circulated in draft, by the Secretary of the Company, if any, or by any person or persons nominated by the Executive Chairman, 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 as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.
Powers of Directors		
165		The Board may exercise all such powers of the Company and do all such acts and things as are not by the Companies Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting accorded by an ordinary resolution.

	<p>(a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole of any such undertaking;</p> <p>(b) remit, or give time for the repayment of, any debt due by a Director;</p> <p>(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;</p> <p>(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose. Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meeting of the Board unless the same be delegated to the extent therein stated; or</p> <p>(e) contribute to charitable and other trusts not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year exceed twenty-five thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.</p>
	<p>Certain powers of the Board.</p>
<p>166</p>	<p>(a) Without prejudice to the general powers conferred by the preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these 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 to adopt all preliminary contracts, if any, entered into by the promoters either by entering into a contract or with any other person, firm or company on behalf of the Company by way of ratification or substitution and to remunerate person or company for services rendered or to be rendered for the formation or promotion of the Company or for the acquisition of any property, licence, trademarks, letter of intent, allotments, know how or similar thing by the Company.</p> <p>(b) Without prejudice to the generality of the foregoing, upon the adoption of preliminary contracts, if any, entered into by and between the promoters and any other persons, the Board shall have power in its absolute discretion to issue and allot fully paid Equity or Preference Shares of the Company or by issue of Fully and/or Partly paid Convertible /Non-Convertible Debentures or such other Securities or partly by one and partly by other, in any combination, in one or more tranches may be thought fit by the Board, for consideration in cash or otherwise than in cash to the Promoters or to any other person in terms of the agreement that may be entered into between the Company and the Promoters or to any other person including.</p> <p>To pay cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.</p>

- (ii) To enter into contracts for the acquisition of fixed assets, net current assets, selling rights etc and to enter into non-compete agreements with any other person, firm or company on behalf of the Company by way of ratification or substitution and to remunerate person or company for services rendered or to be rendered or for the acquisition of any property, licence, trademarks, letter of intent, allotments, know how or similar thing by the Company and for the purpose to pay for such consideration as may arise therefrom by issue of fully paid Equity or Preference Shares of the Company or by issue of Fully and/or Partly paid Convertible / Non-Convertible Debentures or partly by one and partly by other, in any combination, in one or more trenches as the Board may deem fit.
- (iii) To pay and charge to the capital account of the Company any commission, brokerage or interest lawfully payable thereon under the provisions of Sections 76 and 208 of the Act.
- (iv) Subject to Sections 292, 297 and 360 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- (v) At their discretion and subject to provision of the Act to pay for any property, rights, or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares 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.
- (vi) To secure the fulfillment of any contracts or 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.
- (vii) To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- (viii) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes, and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.
- (ix) To institute, conduct, defend, compound, or abandon any legal proceedings 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 claim or demands by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon.
- (x) To act on behalf of the Company in all matters relating to bankruptcy and insolvency.

- (xi) To make and give receipts, releases, and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- (xii) Subject to the provisions of Sections 292, 295, 369, 370 and 372 of the Act, 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 investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- (xiii) To execute in the name and on behalf of the Company in favour of any Director 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 powers, provisions, covenants and agreements as shall be agreed upon.
- (xiv) To determine from time to time 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 them necessary authority for such purpose.
- (xv) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any officer or other persons 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.
- (xvi) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependants or any connection of such persons, by building or contributing to the building of houses, dwellings, or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments or by creating, and from time to time subscribing or contributing to provident fund and other associations, institutions, funds, trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospital 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 to charitable, benevolent, religious, scientific, national or institutions or 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.
- (xvii) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or to an Insurance Fund or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debenture or debenture-stock or for special dividends or for equalising dividends or for repairing, improving, extending, and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, invest the several sums to set aside for so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part

thereof for the benefit of the Company in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or Division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debenture or debenture stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine percent per annum.

(xviii) To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, 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 to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified localities in India or elsewhere in such manner as they think fit and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

(xix) To comply with the requirements of any local law which in their opinion shall be in the interests of the Company necessary or expedient to comply with.

(xx) 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 Boards, and to fix their remuneration.

(xxi) Subject to Section 292 of the Act, from time to time and at any time to delegate to any persons so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys, and to authorise the Members for the time being of any such local Board, or any of them to fill up any vacancies therein 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 may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.

(xxii) At any time and from time to time by power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretion (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 power 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 thinks fit) be made in favour of the members or any of the

	<p>Members of any Local Board, established as aforesaid or in favour of any Company, or the shareholders, directors, nominees, or managers of any company or firms 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 for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretion for the time being vested in them.</p> <p>(xxiii) Subject to Section 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary 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.</p> <p>(xxiv) From time to time to make, vary and repeal by-laws for the regulation of the business of the Company its officers and servants.</p>
THE SECRETARY	
	Secretary.
168	<p>Subject to the provisions of Section 383A of the Act, the Board of Directors may, from time to time appoint and, at their discretion remove any individual (hereinafter called 'the Secretary') who shall have such qualifications as the authority under the Act or these Articles are to be performed by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary. The Board of Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.</p>
THE SEAL	
	The seal, its custody and use.
169	<p>(a) The Board shall provide a Common seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu of the same, 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.</p> <p>(b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.</p>
	Deeds how executed.
170	<p>Every Deed or other instrument, 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 two Directors or one Director and Secretary or some other person appointed by the Board for the purpose.</p>
DIVIDENDS	
	Division profits.
171	<p>The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the members, in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.</p>

	The Company in General Meeting may declare a dividend.	
172		The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.
	Dividends only to be paid out of profits.	
173		<p>No dividends shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that:</p> <p>(a) If the Company has not provided for depreciation for any previous financial year or years it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;</p> <p>(b) if the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.</p>
	Interim dividend.	
174		The Board may from time to time, pay to the Members such interim dividends as in their judgement the position of the Company justifies.
	Capital paid up in advance to interest but not to earn dividend.	
175		Where Capital is paid in advance of calls such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.
	Dividends in proportion to amount paid-up.	
176		All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
	Retention of dividends until completion of transfer under Article 64.	
177		The Board may retain the dividends payable upon shares in respect of which any person is, under Article 64 entitled to become a Member or which any person under that Article is entitled to transfer, until such person shall become a member, in respect of such shares or shall duly transfer the same.
	Dividend etc. to joint-holders.	
178		Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.
	No member to receive dividend whilst indebted to the Company, and Company's right of reimbursement thereat.	

179		No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any moneys may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons; and the Board may deduct from the interest or dividend payable to any member all sums of moneys so due from him to the Company.
Right to Dividend, rights shares and bonus shares to be held in abeyance pending registration of transfer of shares.		
180		<p>Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the company, it shall.</p> <p>(a) transfer the dividend in relation to such shares to the special account referred to in Section 205A of the Act, unless the Company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer; and</p> <p>(b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of subsection (1) of Section 81 and any issue of fully paid up bonus shares in pursuance of sub-section (3) of Section 205 of the Act.</p>
Dividends how remitted.		
181		Unless otherwise directed any dividend may be paid by cheque or warrant or by a payslip or receipt having the force of a cheque or warrant sent through the 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 Register 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 payslip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslip or receipt or the fraudulent recovery of the dividend by any other means.
Unclaimed dividend		
182		<p>(a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called unpaid dividend of Scotts Garments Limited and transfer to the said account, the total, amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.</p> <p>Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A Claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.</p> <p>(b) That there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law and the Company shall comply with all the provisions of Section 205-A of the Act in respect of unpaid or unclaimed divided.</p>

	No interest on dividends.
183	No unpaid dividend shall bear interest as against the Company.
	Dividend and call together.
184	Any General Meeting declaring a dividend may on the recommendation of the Directors 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 member, be set off against the calls.
	Capitalisation.
185	<p>(a) The Company in General Meeting may by a special resolution resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Account or Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the Shares Premium Account) be capitalised 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 proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised value or sum or fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or 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 or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium account and a Capital Redemption Reserve Account may, for the purpose of this Article, only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.</p> <p>(b) A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge may be distributed among the members on the footing that they receive the same as capital.</p> <p>(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this article, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of less value than ₹ 10/- may be disregarded in order to adjust the rights of all parties and may vest any such cash or the specific assets in trustees upon such trusts for the person entitled to the dividends or capitalised funds as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the Registrar for registration 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 capitalised fund, and such appointment shall be effective.</p>
ACCOUNTS	
	Directors to keep true accounts.

186		<p>The Company shall keep at the Office or at such other place in India as the Board thinks fit proper Books of Account in accordance with Section 209 of the Act with respect to:</p> <p>(a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;</p> <p>(b) all sales and purchases of goods by the Company; and</p> <p>(c) the assets and liabilities of the Company.</p> <p>Where the Board decides to keep all or any of the Books of Accounts at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place. The Company shall preserve in good order the Books of Accounts relating to a period of not less than eight years preceeding the current year together with the vouchers relevant to any entry in such Books of Accounts. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of Accounts relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, made up to dates at intervals of not more than three months, are sent by the branch office to the Company at its office or other place in India, at which the Company's Books of Accounts are kept as aforesaid. The Books of Accounts shall give a true and fair view of the state of the affairs of the Company or branch office, as the case may be and explain its transactions. The Books of Accounts and other books and papers shall be open to inspection by any Director during business hours.</p>
Statement of Accounts to be furnished to General Meeting.		
188		<p>The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting such Balance Sheets, Profit and Loss Accounts and Reports as are required by these Sections.</p>
Copies shall be sent to each Member.		
189		<p>A printed copy of every balance sheet (including every document required by law to be annexed or attached thereto) which is to be laid before the Company in Annual General Meeting together with a copy of the Auditors' Report or a statement containing salient feature of such documents in the prescribed form, as laid down under Section 219 of the Act as the Company may deem fit, shall not less than twenty one days before the date of the Meeting, be sent to every person entitled thereto pursuant to the provisions of the said Section.</p>
190		<p>Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in general meeting shall be conclusive except as regards any matters in respect of which modifications may from time to time be considered proper by the Board of Directors and approved by the shareholders at a general meeting.</p>
Auditors		
191		<p>Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 to 233 of the Act.</p>
WINDING UP		
Liquidator may divide assets in specie.		
201		<p>The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may</p>



		with the sanction of a Special Resolution, but subject to the rights attached to any preference shares capital, divide among the contributors in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trust for the benefit of the contributors as the liquidator, with the like sanction, shall think fit.
INDEMNITY AND RESPONSIBILITY		
	Directors' and others' right of indemnity.	
202		Every officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act, in which relief is granted to him by the Court.
SECRECY CLAUSE		
	Secrecy Clause.	
203		<p>(a) Every Director, Manager, Auditor, Treasurer, member of a Committee, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except and so far as may be necessary in order to comply with any of the provisions in these presents contained.</p> <p>b) No members 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 details 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 of 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.</p>
GENERAL POWER		
204		Wherever in the Companies Act, it has been provided that the Company shall have right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its articles, then and in that case this regulation hereto authorises and empowers the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided.

SECTION VIII - OTHER INFORMATION MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before this RHP), which are or may be deemed material to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this RHP and have been delivered to the Stock Exchanges and may be inspected at the Registered Office of the Company between 9:30 am to 5:30 pm on any working day from the date of this RHP until the date of closure of the subscription List.

Material contracts

1. Memorandum of Understanding dated 24/09/2010 entered into between the Company and Keynote Corporate Services Limited, Book Running Lead Manager to the Issue.
2. Memorandum of Understanding dated 25/09/2010 entered into between the Company and Canara Bank, Co-Book Running Lead Manager to the Issue.
3. Memorandum of Understanding dated 25/09/2010 entered into between the Company and Link Intime Pvt. Limited, Registrar to the Issue.
4. Escrow Agreement dated [●], between the Company, the BRLM, the Escrow Collection Banks and the Registrar to the Issue.
5. Syndicate Agreement dated [●] between the Company, BRLM and Syndicate Members.
6. Underwriting Agreement dated [●] between the Company, BRLM and Syndicate Members.
7. Copy of Tripartite agreement dated 06/12/2010 entered into between the Company, CDSL and Registrar to the Issue.
8. Copy of Tripartite agreement dated 29/11/2010 entered into between the Company, NSDL and Registrar to the Issue.
9. Share Subscription cum Shareholders Agreement dated 19/12/2012 and Supplementary Agreement to Share Subscription cum Shareholders Agreement dated 21/02/2013

Material Documents

1. Memorandum of Association and Articles of Association of the Company, as amended from time to time.
2. Shareholders' resolutions dated 10/06/2010 and 19/12/2012 in relation to the Pre-IPO Placement and this Issue.
3. Resolutions passed at the EGM dated 30/03/2010 approving the remuneration of Mr. Naseer Ahmed and Mrs. Nuzhat Aisha Naseer.
4. Audited Balance sheets and Profit and Loss Accounts of the Company for seven months period ended on October 31, 2012 and for the financial years ending on March 31, 2012, 2011, 2010, 2009 and 2008.
5. Consents of Auditors, Bankers to the Company, Bankers to the Issue, BRLM, Registrar to the Issue, Directors of our Company, Company Secretary & Compliance Officer, Legal Advisor to the Issue as referred to, in their respective capacities.

6. Legal Due Diligence Report dated 28/09/2010 by DSK Legal, Advocates, Legal Advisor to the Issue and due diligence certificate dated 30/10/2012.
7. Copy of certificate dated 10/01/2013 issued by the Peer Review Auditor of the Company, M/s. G Anantha & Co., Chartered Accountants in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratio.
8. Copy of certificate dated 28/06/2012 issued by Siddaiah & Ram Chartered Accountant and Statutory Auditors of the Company regarding tax benefits accruing to the company and its shareholders.
9. Copy of certificate dated 25/03/2013 issued by Siddaiah & Ram, Chartered Accountant and Statutory Auditors of the Company regarding sources and deployment of funds.
10. Copy of In-principle approval received from BSE vide their letter no. DCS/IPO/RK/IPO-IP/1349/2010-11 dated 21/12/2010 for listing of the securities offered through this Offer Document at BSE.
11. Copy of In-principle approval received from NSE vide their letter no. NSE/LIST/155676-Y dated 11/01/2011 for listing of the securities offered through this Offer Document at NSE.
12. SEBI Observation Letter No. CFD/DIL/SP/DK/9407/2012 dated 26/04/2012 issued by the Securities and Exchange Board of India and reply to the observation by Keynote Corporate Services Limited (Book Running Lead Manager) vide their letter no. SGL/CL/GS(01) dated 30/10/2012
13. Tripartite MOU between Government of Karnataka, our Company and Bombay Rayon Fashions Limited dated 03/06/2010 and 04/06/2010 and Karnataka Government Oder No. CI 200 SPI 2010, Bangalore dated 02/06/2010.
14. CARE IPO Grading vide their letter dated 01/03/2013

Any of the contracts or documents mentioned in the RHP may be amended or modified at any time if so required in the interest of our 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.



PART III

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by Securities and 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 made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

Signed by all Directors

Sd/-

Naseer Ahmed

Sd/-

A Arumugham

Sd/-

C.R.Murali

Sd/-

B.S. Patil

Sd/-

Azeezulla Baig

Sd/-

M.M.Chopra

Sd/-

Nuzhat Aisha Naseer

Sd/-

S.Thiruvadi

Signed by the Company Secretary and Compliance Officer

Sd/-

S. Guruswamy Babu

Date: April 12, 2013

Place: Bangalore