

**DRAFT PROSPECTUS**

Dated: July 30, 2012

**Please read Section 60 B of the Companies Act, 1956***(The Draft Prospectus will be updated upon filing with RoC)***CLOTHING LIMITED**

(Our Company was originally incorporated as "Black Star Products Private Limited" on March 24, 1995 under the Companies Act, 1956 with the Registrar of Companies, Gujarat, Ahmedabad ('ROC'). The name of Company was subsequently changed to "Maruti Dyechem Private Limited" to diversify its new activities in the field of Dyes and Intermediates and fresh Certificate of Incorporation was obtained from ROC on February 12, 1998. Further the name of the Company was change to "Anshu's Clothing Private Limited" to give effect to the alteration in the Main Object Clause for entering into garment business and fresh certificate of Incorporation was obtained from ROC on June 12, 2007. Our Company was subsequently converted in to a public limited company and consequently name was changed to "Anshu's Clothing Limited" vide fresh certificate of incorporation on June 1, 2012 issued by the Registrar of Companies, Gujarat, Ahmedabad.)

**Registered Office:** F-103, Shivalik Plaza, Near IIM, ATIRA Road, Vastrapur, Ahmedabad-380015, Gujarat, India.**Tel. No.** +91-79-3007 1919/3298 1545**Website:** www.anshusdesigns.com; **E-mail:** cs@anshusdesigns.com**Contact Person:** Ms. Pooja Gwalani, Company Secretary and Compliance Officer**Our Present Promoters:** Mr. Ravi Bhandari and Mrs. Rekha Bhandari

**PUBLIC ISSUE OF 18,72,000 EQUITY SHARES OF ₹10/- EACH ("EQUITY SHARES") OF ANSHU'S CLOTHING LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹27 PER EQUITY SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹505.44 LACS ("THE ISSUE"), OF WHICH, 3,12,000 EQUITY SHARES OF ₹10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (AS DEFINED IN THE SECTION "DEFINITIONS AND ABBREVIATIONS.") (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. ISSUE OF 15,60,000 EQUITY SHARES OF ₹10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 25% AND 5% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.**

**THE ISSUE IS BEING IN TERMS OF CHAPTER X-B OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.**

For Further Details See "Issue Related Information" Beginning on Page No.162 of this Draft Prospectus

All potential investors may participate in the Issue through and Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Issue Procedure" on Page No. 168 of this Draft Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

**RISKS IN RELATION TO THE FIRST ISSUE**

This being the first public issue of Equity Shares of our Company, there has been no formal market for our Equity Shares. The face value of the Equity Share is ₹ 10/- and the Issue Price is 2.70 times of the face value. The Issue Price (as determined by the Company in consultation with the Lead Manager) as stated under the paragraph on "Basis For The Issue Price" on Page No. 54 of this Draft Prospectus should not be taken to be indicative of the Market Price of the equity shares after Equity Shares are listed. No assurance can be given regarding an active or sustained trading in equity shares of the our company or regarding the price at which the equity shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risks involved. The Securities 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 document. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on Page No. 11 of the Draft Prospectus.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Offer Document all information with regard the Issuer and this Issue, which is material in the context of this Issue, that the information contained in this Offer Document is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING**

The Equity Shares offered through the Draft Prospectus are proposed to be listed on SME Platform of the Bombay Stock Exchange Limited (BSE). Our Company has received in-principle approval from BSE vide their letter dated [●]. For the purpose of this Issue, the BSE shall be the Designated Stock Exchange will be the Bombay Stock Exchange Limited ("BSE")



LEAD MANAGER	REGISTRAR TO THE ISSUE	
 <p><b>First Call India Equity Advisors Private Limited</b>  3<sup>rd</sup> Floor, Sankalp, The Bureau,  Ramakrishna Chemburkar Marg, Chembur Naka,  Chembur, Mumbai -400 021, Maharashtra  Tel.: +91-22-2527 2510 /6077/6089; Fax: +91-22- 2527 6089;  Email: vsrsastry@firstcallindiaequity.com;  Website: www.firstcallindiaequity.com  SEBI Regn No: INM 000011450  Contact Person: Mr. V.S.R. Sastry</p>		<p><b>CAMEO CORPORATE SERVICES LIMITED</b>  'Subramaniam Building', No.1,  Club House Road, Chennai- 600 002  Tel.: +91-44-2846 0390 ;  Fax: +91-044-2846 0129  E-mail: investor@cameoindia.com  Website: www.cameoindia.com  SEBI Regn. No.: INR 00003753  Contact Person: Mr. R.D.Ramaswamy</p>
ISSUE PROGRAMME		
<b>BID/ISSUE OPENS ON : [●]</b>		<b>BID/ISSUE CLOSES ON : [●]</b>

TABLE OF CONTENTS		
<b><u>SECTION</u></b>	<b><u>PARTICULARS</u></b>	<b><u>PAGE NO.</u></b>
<b>I</b>	<b>GENERAL</b>	
	DEFINITIONS AND ABBREVIATIONS	1
	CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL , INDUSTRY AND MARKET DATA	9
	FORWARD LOOKING STATEMENTS	10
<b>II</b>	<b>RISK FACTORS</b>	11
<b>III</b>	<b>INTRODUCTION</b>	
	SUMMARY OF OUR INDUSTRY	26
	SUMMARY OF OUR BUSINESS	28
	ISSUE DETAILS IN BRIEF	32
	SUMMARY OF OUR FINANCIAL INFORMATION	33
	GENERAL INFORMATION	36
	CAPITAL STRUCTURE	41
<b>IV</b>	<b>PARTICULARS OF THE ISSUE</b>	
	OBJECTS OF THE ISSUE	50
	BASIC TERMS OF THE ISSUE	53
	BASIS FOR THE ISSUE PRICE	54
	STATEMENT OF TAX BENEFITS	56
<b>V</b>	<b>ABOUT THE ISSUER COMPANY</b>	
	INDUSTRY OVERVIEW	65
	OUR BUSINESS OVERVIEW	74
	KEY INDUSTRY REGULATIONS AND POLICIES	89
	HISTORY AND CERTAIN CORPORATE MATTERS	94
	OUR MANAGEMENT	97
	OUR PROMOTERS AND PROMOTER'S GROUP	107
	DIVIDEND POLICY	112
<b>VI</b>	<b>FINANCIAL INFORMATION</b>	
	FINANCIAL STATEMENTS OF THE COMPANY	113
	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	140
	FINANCIAL INDEBTNESS	146
<b>VII</b>	<b>LEGAL AND OTHER INFORMATION</b>	
	OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS	148
	GOVERNMENT & OTHER KEY APPROVALS	150
	OTHER REGULATORY AND STATUTORY DISCLOSURES	152
<b>VIII</b>	<b>ISSUE RELATED INFORMATION</b>	
	TERMS OF THE ISSUE	162
	ISSUE STRUCTURE	166
	ISSUE PROCEDURE	168
<b>IX</b>	<b>MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY</b>	184
<b>X</b>	<b>OTHER INFORMATION</b>	
	MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	220
	DECLARATION	222

## SECTION 1: GENERAL

### DEFINITIONS AND ABBREVIATIONS

In this Draft Prospectus, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meaning as assigned herewith.

### CONVENTIONAL / GENERAL TERMS:

TERMS	DESCRIPTION
"Anshu's", "the Company", "our", "Our Company", "Issuer", "We", "Us" and "Issuer Company"	Unless the context otherwise requires, refers to "Anshu's Clothing Limited", a public limited Company incorporated under the Companies Act, 1956 with its Registered Office at F-103, Shivalik Plaza, Near IIM, Atira Road, Vastrapur, Ahmedabad- 380015, Gujarat, India.
"You", "Your" or "Yours"	Prospective Investors in this Issue

TERMS	DESCRIPTION
Articles or Articles of Association or AoA	The Articles of Association of the Company i.e., Anshu's Clothing Limited., as amended from time to time.
Auditors / Statutory Auditors	The Statutory Auditors of the Company, being M/s. Loonia & Associates, Chartered Accountants having their office at 21 8, Ground Floor, New Cloth Market, O/s Raipur Gate, Ahmedabad-380002, Gujarat.
Board/Board of Directors or our Board	The Board of Directors of the Company included all duly constituted Committee(s) thereof
Companies Act / Act	The Companies Act, 1956 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
Director(s) / Our Directors	Director(s) of Anshu's Clothing Limited, unless otherwise specified.
Equity Shares	Equity Shares of our Company of Face Value of Rs.10/- each unless otherwise specified in the context thereof
Executive Directors	Executive Directors are the Managing Directors or Whole time Directors or Promoters of our Company
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India.
GIR Number	General Index Registry Number
GOI	Government of India
Group Companies	The companies / firms and ventures disclosed in "Our Promoter Group and Group Companies / Entities" on Page No. 107 promoted by the Promoters, irrespective of whether such entities are covered under Section 370 (1) (B) of the Companies Act, 1956.
HUF	Hindu Undivided Family

Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income Tax Act, 1961
IT. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
"Lolipop" or "Lolipop Fashions Private Limited"	Group Company with same Promoters and having its Registered Office at A/G/3-Shivalik Plaza, Opp A.M.A, Panjara Pole, Nr. Atira, Polytechnic; Ambawadi,
MOA / Memorandum of Association	The Memorandum of Association of the Company, i.e., Anshu's Clothing Limited., as amended from time to time.
Non Residents	A person resident outside India, as defined under FEMA
NRIs / Non Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 .
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, Company, partnership, limited liability Company, joint venture, or trust or any other entity or organization validly constituted and / or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Peer Reviewed Auditor	The Peer Reviewed Auditor of our Company, being M/s Loonia & Associates, Chartered Accountants, Ahmedabad
Promoters / Core Promoters /Present Promoters	Mr. Ravi Jagdish Bhandari Mr. Rekha R Bhandari
Promoter Group	Ravi Bhandari HUF, Lolipop Fashions Private Limited
RBI	Reserve Bank of India constituted under the RBI Act.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
Registered / Corporate Office of the Company	F-103, Shivalik Plaza, Near IIM, Atira Road, Vastrapur, Ahmedabad-380015,Gujarat, India
ROC / Registrar of Companies, Ahmedabad	Registrar of Companies, Ahmedabad, ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura , Ahmedabad-380013.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on Aug 26, 2009, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and 2011, as amended from time to time depending on the context of the matter being referred to.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchange	Unless the context requires otherwise, refers to, the BSE Limited.

## ISSUE RELATED TERMS

TERMS	DESCRIPTION
Allotment of Equity shares / Allot/Allotted	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue to the successful applicants.
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who are to be Allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	The successful applicant to whom the Equity Shares are being / have been issued.
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount (ASBA)	Means an application for subscribing to an issue containing an authorization to block the application money in a bank account maintained with SCSB. ASBA is mandatory for QIBs and Non Institutional Applicants participating in the issue.
ASBA Account	An account maintained with the SCSB and specified in the Application Form for blocking the amount mentioned in the Application Form.
ASBA Investors	Any prospective investor(s) in this Issue who applies through the ASBA process.
ASBA Applicant	Any Applicant who intends to apply through ASBA.
ASBA Application Form	The form, whether physical or electronic, used by an ASBA Applicant to make an application, which will be considered as the application for Allotment for purposes of this Prospectus.
Bankers to the Company	Development Credit Bank Limited , Indian Overseas Bank Limited, HDFC Bank Limited
Bankers to the Issue / Escrow Collection Bank(s)	The bank(s) which is/ are clearing member and Registered with SEBI as Bankers to the Issue with whom the Escrow Account will be opened, being <b>Axis Bank Limited</b>
Basis of allotment	The basis on which the Equity Shares will be Allotted to successful Applicants under the Issue and which is described in "Issue Procedure-Basis of Allotment" on Page No. 173 of the Draft Prospectus
BSE / BSE Ltd	Bombay Stock Exchange Limited.
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate application under this Issue by the ASBA Applicants with the Registrar to the Issue, Book Running Lead Manager and the Stock Exchange and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time in this case being CDSL and NSDL.
Depository Participant/ DP	A Depository Participant as defined under the Depositories Act,1996
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Application Form used by ASBA Applicant and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>

Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, and the amounts blocked by the SCSBs are transferred from the bank accounts of the ASBA Applicant to the Public Issue Account, as the case may be, after the Prospectus is filed with the ROC, following which the Board of Directors shall Allot Equity Shares to the successful Applicants .
Designated Stock Exchange	BSE SME
DP ID	Depository Participant's Identity.
Draft Prospectus	This Draft Prospectus Dated 30 <sup>th</sup> July, 2012 filed with the BSE SME.
Eligible NRI	A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom this Draft Prospectus will constitute an invitation to subscribe for the Equity Shares .
Employees	Employees of Anshu's Clothing Limited.
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheque/(s) or draft/(s) in respect of the Application Amount when submitting an Application/(s).
Escrow Agreement	Agreement entered into amongst the Company, Lead Manager, the Registrar to this Issue, the Escrow Collection Bank(s) for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which bank(s) the Escrow Account of the Company
Indian National	As used in the context of a citizen of India as defined under the Indian Citizenship Act, 1955, as amended from time to time, who is not an NRI.
IPO	Initial Public Offer.
Issue / Issue Size / Initial Public Issue	The public issue of 18,72,000 Equity Shares of ₹ 10/- each of Anshu's Clothing Limited ("Anshu's or "the Company" or " the Issuer" ) for cash at the Issue Price of ₹ 27/- ( including a share premium of ₹ 17/- per Equity share) aggregating to ₹ 505.44 lacs. The Issue will constitute of 30.03 % of the post issue paid up capital of the Company.
Issue Price	The price at which Equity Shares are being issued by our Company under this Draft Prospectus being ₹ 27 /- per share
Issue Proceeds	Proceeds to be raised by our Company through this Issue
LM / Lead Manager / Book Running Lead Manager	Lead Manager to the Issue, in this case being M/s. Firstcall India Equity Advisors Private Limited.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the SME Platform of BSE.
Market Makers	Member Brokers of BSE who are specifically registered as Market Makers with the BSE. In our case, <b>Oswal Shares And Securities Limited</b> is the sole Market Maker.
Market Maker Reservation Portion	The reserved portion of 3,12,000 equity shares of ₹ 10/- each at ₹ 27/- ( including a share premium of ₹ 17 per Equity share) aggregating to ₹ 84.24 lacs ( Rupees Eighty Four Lacs Twenty Four Thousand Only) for Designated Market Maker in the Initial Public Issue of Anshu's Clothing Limited

Mutual Funds	Means mutual funds registered with SEBI pursuant to SEBI ( Mutual Funds) Regulations, 1996, as amended from time to time.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 15,60,000 Equity Shares of ₹ 10 each at ₹ 27 (including share premium of ₹ 17/-) per Equity Share aggregating to ₹ 421.20 lacs/- (Rupees Four Crore Twenty One Lacs Twenty Thousand Only) by Anshu's Clothing Limited.
Nominated Investor	Nominated Investor means a Qualified Institutional Buyer or Private Equity Fund, who enters into an agreement with the Merchant Banker to subscribe to the issue in case of under- subscription or to receive or deliver the specified securities in the market making process.
Non Institutional Investors / Applicants	All Investors that are not QIBs (but not including NRIs other than eligible NRIs) or Retail Investors and who have applied for Equity Shares for an amount more than ₹ 2,00,000/-.
OCB / Overseas Corporate Body	A Company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCB are not allowed to invest in this Issue.
Payment through electronic transfer of funds	Payment through NECS, NEFT or Direct Credit, as applicable.
Prospectus	The Prospectus, filed with the ROC containing, inter alia, the Issue opening and closing dates and other information.
Public Issue Account	Account opened with the Banker to the Issue to receive monies from the Escrow Account and from SCSBs from the bank account of the ASBA Applicant, on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in section 4A of the Companies Act, 1956, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral Development Financial Institutions, Venture Capital funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA), Provident Funds with a minimum corpus of ₹ 25 Crores and Pension Funds with a minimum corpus of ₹ 25 Crores).
Refund Account (s)	Account opened / to be opened with a SEBI Registered Banker to the Issue from which the refunds of the whole or part of the Application Amount (excluding to the ASBA Applicants), if any, shall be made.
Refund Banker	The bank(s) which is/ are clearing members and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being <b>Axis Bank Limited</b>
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds mean refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable.
Registrar/ Registrar to this Issue	Registrar to the Issue being Cameo Corporate Services Limited
Regulations	SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended from time to time
Retail Individual Investors	Individual Applicants, or minors applying through their natural guardians, including HUFs (applying through their <i>Karta</i> ) and ASBA Applicants, who have Applied for an amount less than or equal to ₹ 2,00,000/-.

Revision Form	The form used by the Applicants to modify the quantity of Equity Shares in any of their Application Forms or any previous Revision Form(s)
Self Certified Syndicate Bank(s) / SCSB(s)	Banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on <a href="http://www.sebi.gov.in/">http://www.sebi.gov.in/</a>
SCSB Agreement	The deemed agreement between the SCSBs, the LMs, the Registrar to the Issue and our Company, in relation to the collection of Applicants from the ASBA Applicants and payment of funds by the SCSBs to the Public Issue Account.
SME Platform of BSE	The SME Platform of BSE for listing of equity shares offered under Chapter X-B of the SEBI (ICDR) Regulations which was approved by SEBI as an SME Exchange on September 27, 2011.
Stock Exchange	Unless the context requires otherwise, refers to, BSE Limited
Underwriters	The LM and others who have agreed to underwrite this Issue as per SEBI (Underwriters) Regulations, 1993 as amended
Underwriting Agreement	The Agreements entered into between the Underwriters, Lead Manager, Designated Market Maker and the Company
Working Day	Unless the context otherwise requires: (i) Till the Application / Issue closing date: All days other than a Saturday, Sunday or a public holiday; (ii) Post the Application / Issue closing date: All days other than a Sunday or a public holiday And on which commercial banks in Mumbai are open for business in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010.

## ABBREVIATIONS

	FULL FORM
A/c	Account
ACL	Anshu's Clothing Limited
AGM	Annual General Meeting
AMBI	Association of Merchant Bankers of India
AS	Accounting Standards issued by Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CIN	Company Identification Number
DIN	Director Identification Number
DP	Depository Participant
ECS	Electronic Credit System
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued there under.
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 Affairs , Economic Ministry of Finance, Government of India.
FVCI	Foreign Venture Capital Investors registered with SEBI (Foreign under the Venture Capital Investor) Regulations, 2000.
FY/Fiscal/ Financial Year	Period of twelve months ended March 31 of that particular year, unless
GDP	Gross Domestic Product
GIR Number	General Index Registry Number.
GOI	Government of India
HUF	Hindu Undivided Family.
ICSI	Institute of Company Secretaries of India.
I.T. Act	Income Tax Act, 1961, as amended from time to time
INR/ Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
MAPIN	Market Participants and Investors Integrated Database
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MOF	Ministry of Finance , Government of India
MMOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value.
NPV	Net Present Value
NOC	No Objection Certificate
NRE Account	Non Resident External Account.
NRI's	Non-Resident Indians
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
OCB	Overseas Corporate Bank
p.a	Per annum
PAC	Persons Acting in Concert
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number.
RBI	Reserve Bank of India
ROC/Registrar of Companies	The Registrar of Companies, Gujarat, Ahmedabad.
RoE	Return on Equity
RoNW	Return on Net Worth
Rs. / ₹ / INR	Rupees, the official currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
Securities Contracts (Regulation) Rules, Sec.	Section
SME Exchange	SME Platform of Bombay Stock Exchange Limited
STT	Securities Transaction Tax
UN	United Nations
US / United States	United States of America
USD / US\$ / \$	United States Dollar, the official currency of the United States of America

VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
Working Days	All days except Saturday, Sunday and any public holiday
Y-o-Y	Year on year

## COMPANY AND INDUSTRY RELATED TERMS

CAD/CAM	Computer Aided Design / Computer Aided Manufacturing
COCO	Company Owned Company Operated
COFO	Company Owned Franchise Operated
CRM	Customer Relationship Management
Distribution Centres	A warehouse which processes, moves and stores goods. A storage facility that takes orders and delivers products.
EBO	Exclusive Brand Outlets
ERP	Enterprise resource planning
FOFO	Franchise Owned Franchise Operated
Gsm	gramme per square meter
LFS	Large Format Stores
MBO	Multi Brand Outlets
Mtrs.	Meters
NCS	National Chain Store
Pcs.	Pieces
RTS	Ready to Stitch
RTW	Ready to Wear
Retail	The word "Retail" appearing in the Draft Prospectus, or any other information material or document regarding the Issue unless otherwise required is expressly intended only to indicate and describe that the term retail be read and understood as "The sale of readymade garments sold by Anshu's Clothing Limited under brands name "Anshu's Designer Studio", "Lolipop" and "Kalamkari" directly to ultimate consumers through its own Exclusive brand outlets."
SKU/SKUs	Stock Keeping Unit; The lowest level of inventory identifier that uniquely identifies every item a Company inventories, down to size, shape, color, and
SIS	Shop in Shop
Square feet	Sq. ft.
WTO	World Trade Organization

All other words and expressions used but not defined in this Draft Prospectus, but defined in the Companies Act, 1956, the SEBI DIP Guidelines or in the Securities Contracts (Regulation) Act, 1956 and/ or the Rules and the Regulations made there under, shall have the meanings respectively assigned to them in such Acts or the Rules or the Regulations made there under or any statutory modification or re-enactment thereto, as the case may be.

**CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA:**

This prospectus refers the terms "We", "us", "our", the "Company", "Our Company", "Anshu's Clothing Limited" and "ACL", unless the context otherwise signifies or indicates or implies, refers to Anshu's Clothing Limited

All references to "Rupees" or "Rs." or "₹" are to Indian Rupees, the official currency of the Republic of India. In this Draft Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lacs" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million" and the word "billion" means "one hundred crore"; and all references to "Rupees" or "Rs" are to Indian Rupees and all references to "Dollar" or "\$" are to US Dollars. In the Draft Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off.

Unless stated otherwise, the financial data in the Draft Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI (ICDR) Regulations, 2009 included on Page No. 113 of this Draft Prospectus. We have no subsidiaries. Accordingly, financial information relating to us is presented on a nonconsolidated basis. Our fiscal year commences on April 1 of every year and ends on March 31st of every next year.

Any percentage amounts, as set forth in "Risk Factors", "Business Overview", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated based on our restated financial statement prepared in accordance with Indian GAAP.

Unless stated otherwise, industry data used throughout this Draft Prospectus has been obtained from industry publications, internal Company reports, newspaper and magazine articles etc. Such publications generally state that content therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although, we believe that the industry data used in this Draft Prospectus is reliable, it has not been verified by any independent source.

Further, the extent to which the market data presented in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

For additional definitions, please refer to "*Definitions and Abbreviations*" beginning on Page 1 of this Draft Prospectus.

In the Section titled "*Main Provisions of the Articles of Association of Our Company*" beginning on page 184 of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our \Company.

## FORWARD-LOOKING STATEMENTS

Our Company has included statements in this Draft Prospectus, that contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "project", "shall", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will continue", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements". Similarly all statements regarding our Company objectives, plans or goals, expected financial condition and results of operations, business, plans and prospects are also 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 our expectation include but are not limited to:

- ✓ General economic and business conditions in India;
- ✓ Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch various projects for which funds are being raised through this Issue;
- ✓ Our ability to meet our capital expenditure requirements;
- ✓ Changes in the Prices of raw materials we consumed and the products we produce;
- ✓ Adverse effects in the developments of Textile Industry.
- ✓ Changes in political and social conditions in India;
- ✓ The loss or shutdown of operations of our Company at any times due to strike or labour unrest.
- ✓ Changes in tax benefits and incentives and other regulations applicable to our industry, including various tax laws
- ✓ The monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates;
- ✓ The occurrence of natural disasters or calamities.
- ✓ Other factors beyond our control; and
- ✓ Our ability to manage risks that arise from these factors.

For further discussion of factors that could cause Company's actual results to differ, see the section titled "Risk Factors" on Page 11 of this Draft Prospectus. By their nature, certain 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 the Company, its Directors and Officers, any member of the Issue Management Team nor any of their respective affiliates has 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 accomplishment. In accordance with SEBI requirements, for purposes of the Issue, the Company and the LM to the Issue will ensure that investors are informed of material developments relating to the business until such time as the grant of listing and trading permission by the Stock Exchange for the Equity Shares pursuant to this Issue is received.

## SECTION II RISK FACTORS

*An investment in equity involves a high degree of risk. Investors should carefully consider all the information in this Draft Prospectus, including the risks and uncertainties described below, before making an investment in our equity shares. To obtain a complete understanding, you should read this section in conjunction with the sections "Our Business Overview" beginning on page 74, "Industry Overview" beginning on page 65 and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 140 as well as the other financial and statistical information contained in the Draft Prospectus. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business, financial condition and results of operations. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our 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. However, there are risk factors where the effect is not quantifiable and hence the same has not been disclosed in such risk factors. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the risks involved.*

### **Materiality**

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

- *Some events may not be material individually but may be found material collectively.*
- *Some events may have material impact qualitatively instead of quantitatively.*
- *Some events may not be material at present but may be having material impact in future.*

### **Notes:**

*The risk factors are disclosed as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section.*

*In this Draft Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "Risk Factors" and elsewhere in this Offer Document unless otherwise indicated, has been calculated on the basis of the amount disclosed in the "Auditors Report" prepared in accordance with the Indian Accounting Standards.*

## **INTERNAL RISK FACTORS**

### **RISK RELATED TO OUR BUSINESS, COMPANY AND THE PROJECT**

**Our funding requirements and deployment of the issue proceeds are based on management estimates and have not been independently appraised by any bank or financial institution and actual cost may vary compared with the estimated amount.**

Our funding requirement and deployment of the proceeds of the issue are based on management estimates, and as per our current business plan. The fund requirements and intended use of proceeds have not been appraised by bank or financial institution and are based on our estimates or by third party quotations. We may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates, changes in quotations, and external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our board. In addition, schedule of implementation as described herein are based on management's current expectations and our subject to change due to various factors some of which may not be in our control. The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

**An inability to manage our growth could disrupt our business and reduce our profitability.**

We have experienced high growth in recent years and a majority of our exclusive brand outlets have opened in the last one year. We expect our business to continue to grow as we gain greater access to financial resources. We expect this growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across our organization. In particular, continued expansion increases the challenges involved in:

- preserving a uniform culture, values and work environment;
- developing and improving our internal administrative infrastructure operational, communications, internal control and other internal systems;
- recruiting, training and retaining sufficient skilled management, designing and marketing personnel;
- maintaining high levels of product quality and customer satisfaction; and
- Adhering to health, safety, and environmental standards.

Addressing the challenges arising from our growth entails substantial senior level management time and resources and would put significant demands on our management team and other resources. Any inability to manage our growth may have an adverse effect on our business and results of operations.

**Fluctuations in the price, availability and quality of raw materials could cause delay and increase costs.**

We entirely rely on third-party suppliers for outsourcing our production. The prices for fabrics depend largely on the market prices for the raw materials used to produce them, particularly cotton. Adverse fluctuations in the price, availability and quality of the fabrics or other raw materials used by us in our outsourced manufactured apparel could have a material adverse effect on our cost of goods sold or our ability to meet our customers' demands. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including crop yields and weather patterns. Any material shortage or interruption in the supply or decrease in the quality of these raw materials due to natural causes or other factors could result in increased costs of goods sold that we may not be able to pass on to our customers, which in turn would have a material adverse effect on our margins and results of operations.

**Our sales and profitability could be harmed if we are unable to maintain or improve our brand image.**

We are operating under three brands one is in the name of Company i.e. "Anshu's Designer Studio" and second is in the name promoter/ director "Lolipop" and third is in the name Promoter's HUF "Kalamkari" which has significantly contributing to the success of our business. We believe that our success depends on our ability to price the apparels reasonably and anticipate, identify and respond to changing fashion trends in a timely manner. If we are unable to respond in a timely and appropriate manner to changing consumer demand and fail to price our apparels reasonably, our brand name and brand image may be impaired and may result in a significant decrease in net sales or leave us with a substantial amount of unsold inventory. Our products must appeal to a broad range of consumers whose preferences cannot be predicted with certainty and are subject to rapid change. We may not be able to continue to develop appealing styles or successfully meet constantly changing consumer demands in the future.

In addition, any new products or brands that we introduce may not be successfully received by retailers and consumers. Although we have expanded, and expect to continue to spend significant resources, financial and otherwise, on establishing and maintaining our brands, no assurance can be given that our brands will be effective in attracting and growing our customer base or that such efforts will be cost-effective. Any failure to maintain our brands may negatively affect our business, financial condition and results of operations.

**The Company plans to open new outlets in the name of Brand "Kalamkari". Brand may not be a success.**

The Company has planned to open new brand outlets in the name of "Kalamkari". Till date, the Company has not opened any number of outlets of the "Kalamkari" and if we do not succeed it may adversely affect the working of the Company. Any failure to maintain our brands may negatively affect our business, financial condition and results of operations.

**The Company has entered into kids wear by the brand name "Lolipop" in the last financial year 2011-12 only which resulted into high risk of success.**

The Company had enter into the Kids segment through "Lolipop" brand in F.Y. 2011-12 and as on 30<sup>th</sup> June, 2012, there were 41 exclusive operated brand outlets for "Lolipop" all over India and it had given Company a considerable amount of success in very short span of time. Although, there is popularity among kids for the fashion wear exclusively for kids provided by our brand "Lolipop". But there is no surety for how long this period will continue. In future, the success of the brand is not assured and if the brand popularity and sales declines it can affect the Business adversely.

**We depend on third parties for a significant portion of our sales and retail efforts. If these third parties do not continue to assist us in our sales and retail, our revenue could decrease, which would have an adverse impact on our business.**

As on 30<sup>th</sup> June, 2012, there are 41 exclusive operated brand outlets for "LOLIPOP" and 15 exclusive operated brand outlets for "Anshu's Designer Studio". For some portion we depend substantially upon third parties i.e. the franchises for several things such as sales and retail activities. Going forward, our Company, has further executed into 31 agreements between parties for opening of "Lolipop" and the same will be operated in Financial Year 2012-13. The Company intends to increase the number of exclusive brand outlets under Company Owned and Franchisee Operated model and Franchise Owned Franchise Operated Model. There can be no assurance that we or these third parties will be able to establish or maintain adequate sales capabilities, in the areas we currently operate in or in areas we intend to expand, on financially acceptable terms or that any third parties with whom we enter into such arrangements will be successful in selling or distributing our products. In the absence of these, our business could be negatively impacted. Additionally, if we are unable to maintain our relationships with our franchises, then our ability to generate revenues through the sale of our products could be negatively impacted.

**We are enjoying certain working capital facilities from banks and there is a negative cash flow from Operating Activities, for the FY 2011-12 and 2010-11 in the last 3 years. Any delay or failure in renewing the facilities/ realization of funds may adversely affect the results of our operations.**

Our business requires significant amount of working capital. Major Portion of our working capital is utilized towards debtors and inventory. Till the date of Draft prospectus, we have been sanctioned working capital of ₹ 700 Lacs from the existing bankers i.e Development Credit Bank Limited. All these factors may result in increase in the quantum of current assets. The Cash Flow Statement for the year ended on March 31, 2012 and 31<sup>st</sup> March, 2011 shows a Negative Cash Flow from Operating Activities of ₹ 478.76 Lacs and ₹ 218.69 Lacs respectively on account of increase in Inventories and Trade & Other Receivables and any delay in future in realization of Funds deployed in Investing and Financing Activities may affect the future operations of the Company. Our inability to maintain sufficient cash flow, credit facility and other sourcing of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. For further details regarding working capital requirement, please refer to the section "**Financial Indebtness**" on Page 146 of this Draft Prospectus.

**We will have to find locations to open and operate exclusive brand outlets.**

As the success of any retail business lies largely in identifying the best possible location at a competitive cost, we have teams which are dedicated towards finding locations or franchises who may be interested in opening exclusive brand outlets for "Anshu's Designer Studio", "Lolipop" or "Kalamkari". Our Company has to compete with other branded apparel retailers to book locations for our exclusive brand outlets on a continuous basis. We cannot assure you that we will be able to expand and grow at the rate at which we may desire to, as we may not be able to book/find locations that we believe will be necessary for implementing our expansion plans. If we are not able to book/find the locations at the time and place that we desire, the same may have a material adverse impact on our results of operation.

**Major fraud, lapses of internal control or system failures could adversely impact Company's business.**

Our Company is vulnerable to risk arising from the failure of employees to adhere to approved procedures, system controls, fraud, system failures, information system disruptions, communication systems failure, and interception during transmission through external communication channels or networks or by our Franchisee's. Failure to protect fraud or breach in security may adversely affect our Company's operations and financial performance. Our reputation could also be adversely affected by significant fraud committed by our employees, agents, customers or third parties.

**Our inability to promptly identify and respond to changing customer preferences or evolving fashion trends may decrease the demand for our apparels among our customers, which would adversely affect our business.**

Our ability to successfully compete depends on a number of factors, including our ability to effectively anticipate, gauge and respond to changing consumer demands and tastes across our product lines. We are required to translate market trends into attractive product offerings and operate within production and delivery constraints. We cannot be sure we will continue to be successful in this regard. We cannot assure you that we will anticipate and respond to changing trends quickly, efficiently and effectively.

**The deployment of funds raised through this issue shall not be subject to any Monitoring Agency and shall be purely dependent on the management of the company.**

Since the issue size is less than ₹ 500 crores, there is no mandatory requirement of appointing an Independent Monitoring Agency for overseeing the deployment of utilization of funds raised through this Issue. The deployment of these funds raised through this issue, is hence at the discretion of the management and the Board of Directors of the company and will not be subject to monitoring by any independent agency. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

**If we miscalculate the market for our products, we may end up with significant inventories for some products and missed opportunities for others.**

Sale of apparels requires forecasting of future demand and fashion trends. If we misjudge the market for our products, we may be faced with significant excess inventories for some products and missed opportunities for others. We also maintain an inventory of certain products that we anticipate will be in greater demand. However, we may be unable to sell the products that we have ordered in advance from our raw material suppliers or that we have in our inventory. Inventory levels in excess of customer demand may result in inventory write-downs and have a material adverse effect on our operating results and financial condition. Conversely, if we underestimate consumer demand for our products or if our manufacturers fail to supply the quality products that we require at the time we need them, we may experience inventory shortages. Inventory shortages might delay our delivery schedules, negatively impact franchise relationships, and diminish brand loyalty.

**The entire inventory risk is borne by the Company under the franchisee model followed by us.**

Apparel retailing in India is highly working capital intensive. We mainly outsource for manufacturing our products which increases our working capital intensity primarily because of high inventory levels. Our Company has entered into a number of franchise agreements with various parties for opening exclusive brand outlets. Under the franchise model being followed by us we carry the inventory on our books till the invoice is being raised to the franchisee. Though, inventory is been transferred to the Franchisee, still risk of any dead stock or any unsold item or any defective items lies to the Company. This business model requires us to maintain high inventory levels and high working capital intensive. Inventory levels in excess of customer demand may result in inventory write-downs and have a material adverse effect on our operating results and financial condition.

**We outsource the manufacturing of our products and are therefore dependent on third parties.**

We have not entered into any arrangements with fabricating units for manufacture of our products. Our tie ups with the fabricators/manufacturers are usually only for a very short period. As a result, any of these manufacturers may unilaterally terminate its relationship with us at any time. We are also dependent on these manufacturers for compliance with labour statutes and maintenance of quality. Any failure by these manufacturers to comply with required labour statutes or any other divergence in their labour practices and the potential negative publicity relating to any of these events or the failure of these manufacturers to deliver the products to us in a timely manner or to meet required quality standards could cause have a material adverse effect on our business.

**There has been significant increase in the amount of receivables due to increase in credit sales between financial year 2010-2011 and financial year 2011-2012. Any non-receipt or delay in receipt from debtors may affect the operations and profitability of our company.**

Our company's sales increased from ₹ 1167.82 Lacs for the year ended March 31, 2011 to ₹ 2771.60 lacs for March 31, 2012, which resulted in an increase in receivables. Significant proportion of our sales is on credit, which always carries a business risk of any receivable turning bad. Delays associated with the collection of receivables from our customers or receivables turning bad may adversely affect our business operations and profitability. Though, inventory is been transferred to the Franchisee and invoice has been raised to the party, in Franchisee model the franchisee makes payment to the Company at the time of sale of the apparels to the end customer. This business model requires us to maintain high level of debtors which results into requirement of high working capital and can have a material adverse effect on our operating results and financial condition.

**The Company is in the retail business sectors with various brands. To sustain and maintain the brand image, the Company has to incur high expenditure towards Advertisement and other Selling & Distribution Expenditure. But there is no assurance that the amount spent towards Advertisement and other selling and distribution expenses would increase the revenues of the Company.**

Our company in F.Y. 2011-12 has incurred an amount of ₹ 70.14 lacs towards advertising expenses for our brand building exercise. Our "Anshu's Designer studio" and "Lolipop" is a huge success due to our efforts for brand building. We are planning to recently launch new brand namely "Kalamkari". As per our growth strategy and to compete with our competitors, it is must to maintain the brand image and to sustain in the market we have to incur high expenditure on advertisement and other selling and distribution expenditure. Though, it is not assured that the amount spent towards advertisement and other selling and distribution expenses would increase the revenues of the Company.

**The Company does not have all the trade marks registered. Its inability or failure to protect the trademark may adversely affect its business goodwill on account of possible misuse by any third party.**

The Company does not have the entire trademark registered under the Trade Marks Act, 1999, and consequently, the Company does not enjoy the statutory protections accorded to a trademark registered in India.

Anshu's Clothing Limited has obtained registration of the trademark "Anshu's Designer Studio" and "Anshu's " under Class 25 (in respect of readymade garments) of the Trade Marks Act, 1999 under a Certificate of Registration dated 16<sup>th</sup> January, 2012 and 11<sup>th</sup> January, 2012.

Mrs. Rekha Ravi Bhandari, the Promoter has applied for registration of the trademark "Lolipop" *only for kiddos* under class 25 on 10<sup>th</sup> January, 2011 vide application number 2082547. This trademark is intended to be used by the Company.

In addition to the above other trademark " Kalamkari" applied on 13<sup>th</sup> July, 2012 vide application number 2363637 under class 25 in the name of Ravi Bhandari HUF is also intended to be used by the Company.

Although the Promoter/ Promoter Group of the Company has made the aforementioned applications at the Trade Marks Registry, Ahmedabad to get itself registered as the Registered Proprietor; however, until its name is entered on the trademark register, it cannot prohibit the use of such mark by third parties by means of statutory protection. In the event of the Company's trademarks being subjected to any challenge or there being a delay in registration, the Company's business and goodwill may be affected adversely.

**If our competitors misappropriate our proprietary trademarks, it could have a material adverse affect on our business.**

We depend heavily on the value of our trademarks and the design expertise. Our success depends to a significant extent on our ability to protect and preserve our intellectual property, including copyrights, trademarks and similar intellectual property. The loss of or our inability to enforce our trademarks and other proprietary knowhow could adversely affect our business. If any of our competitors copy or otherwise gains access to our design database, we may not be able to compete effectively. We may need to bring legal claims to enforce or protect such intellectual property rights. Any litigation, whether successful or unsuccessful, could result in substantial costs and diversions of resources.

**We have issued Equity Shares in the last twelve months, at a price which is lower than the Issue Price.**

Our Company has issued following Equity Shares in last one year at a price which is lower than the issue price:

<b>Name of the Promoter and Promoter Group member and others</b>	<b>Date of Allotment</b>	<b>Number of Equity Shares</b>	<b>Face Value (₹)</b>	<b>Issue Price (₹)</b>	<b>Nature of Allotment</b>
<b>Mr. Ravi Jagdish Bhandari</b>	02.08.2011	476000	10	10	Allotment
	30.03.2012	1578000	10	0	Bonus in ratio of 1:2
<b>Ravi Jagdish Bhandari HUF</b>	02.08.2011	149000	10	10	Allotment
	30.03.2012	440000	10	0	Bonus in ratio of 1:2
<b>Mrs. Rekha Ravi Bhandari</b>	02.08.2011	141400	10	10	Allotment
	30.03.2012	424800	10	0	Bonus in ratio of 1:2
<b>Lolipop Fashions Private Limited</b>	30.03.2012	385720	10	0	Bonus in ratio of 1:2
<b>Jaskaran Surendra Kumar Loonia HUF</b>	30.03.2012	20000	10	0	Bonus in ratio of 1:2
<b>Lalit Nahata</b>	30.03.2012	20000	10	0	Bonus in ratio of 1:2
<b>Rekha Nahata</b>	30.03.2012	20000	10	0	Bonus in ratio of 1:2
<b>Vikash Maloo</b>	30.03.2012	20000	10	0	Bonus in ratio of 1:2
<b>Total</b>		<b>3674920</b>	10		

**Our company has limited experience of handling Retail or franchise business which could also impact our business operations.**

We have a limited experience of operating Retail outlets and the development of systems and procedures are in an early stage. We plan to open Retail outlets under Company Owned Franchise Operated and Franchise Owned Franchise Operated. This may entail substantial senior level management time and resources and we may also not be able to anticipate or evaluate all the business risks. In addition, our growth plans are considerable and would put significant demands on our management team and other resources. The success of this exponential growth plan will be dependent on various factors like maintenance of product quality, consumer satisfaction, handling of franchise business, development and improvement in our internal administrative infrastructure, internal control systems, communication systems, recruitment, training, retention of skilled manpower, and competition. Any inability on our part to manage our growth may have an adverse impact on our business and results of operations.

**Future issuances of Equity Shares or future sales of Equity Shares by our Promoters and certain shareholders, or the perception that such sales may occur, may result in a decrease of the market price of our Equity Shares.**

In the future, we may issue additional equity securities for financing and other general corporate purposes. In addition, our Promoters and certain shareholders may dispose of their interests in our Equity Shares directly, indirectly or may pledge or encumber their Equity Shares. Any such issuances or sales or the prospect of any such issuances or sales could result in a dilution of shareholders' holding or a negative market perception and potentially in a lower market price of our Equity Shares.

**Our growth strategy to expand into new geographic areas exposes us to certain risks.**

Increasing penetration in new geographical areas is one of our growth strategies. We propose to continue with this strategy of entering new geographic areas. Pursuance of such a growth strategy may expose us to risks which may arise due to lack of familiarity with the development, ownership and management of retail business and the customer preferences including:

- adjusting our retail methods to different geographies;
- obtaining necessary governmental approvals and permits under unfamiliar regulatory regimes; and
- Attracting potential customers in a market in which we do not have significant experience.

In the event we are unable to successfully manage the risks of such an expansion, it could have a material adverse effect on our revenues, earnings and financial condition.

**We have not entered into definitive and binding agreements for deploying a significant portion of the proceeds of the Issue, which may have material adverse effect on our operations.**

The net proceeds of the Issue are proposed to fund the expansion project which includes advances for long term nature for long term supplies of inputs required in our business operations as a working capital requirement as detailed in the section titled 'Objects of the Issue' beginning on page 50 of this Draft Prospectus. We have not yet entered into binding and definitive agreements for some of the planned expansion, which we currently propose to fund from the net proceeds of the Issue. Non-availability or delay or increase in prices of raw material or quotations by third party, for which definitive agreements have not been entered, may adversely affect our estimates of project cost. There can be no assurance that we will be able to enter into such agreements on terms and conditions favorable to us. Even for agreements that have been tied up by us, we cannot assure you that we will execute the Agreement in timely manner. Accordingly, prospective investors in the Issue will need to rely upon the judgment of our management with respect to the use of proceeds in this respect. In the event we are unable to enter into arrangements at favorable terms and conditions, as expected and assumed by us, or in a timely manner or at all, we may not be able to reap the expected benefits from the net proceeds of the Issue and our financial results may suffer.

**We might not be able to successfully implement our business strategies.**

In order to achieve our goal of being a company with presence across the country with efforts to capture additional market share, we are constantly evaluating the possibilities of expanding our business by expanding our presence across India by opening "*Exclusive Brand Outlets*" and by introducing new products.

Implementation of our expansion plans and introduction of new products may pose significant challenges to our administrative, financial and operational resources and additional risks, including some of which we may not be specifically aware of. If we are unable to successfully implement some or all of our key strategic initiatives in an effective and timely manner, we may face an adverse effect on our business prospects, competitiveness, market position, brand name, financial condition and results of operations. Further, our marketing strategy includes offering promotional and discount sales on different patterns during the year. If at any time we propose to change this strategy, we may face a change in our customer's behavior towards our products.

**Our operations rely substantially on our Executive Management Team and their resignation from our Company could adversely affect the business.**

The success and future performance of our Company is dependent on our executive management team and their continued services to our Company. We have professionals who are responsible for the day-to-day operations and to drive the business growth. If one or more members of our management team are unable or unwilling to continue with our Company, we may find it difficult to replace such people and our business may be adversely affected. Our continued ability to compete effectively in our businesses depends on our ability to attract new employees and to retain and motivate our existing employees. Our inability to hire and retain such employees could adversely affect our business.

**We have applied for registration of our name and logo but do not own the trademark legally as on date. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.**



The Company promoters/Promoters Group have applied for registration of logo Kalankart and Lolipop under the provisions of the Trademarks Act, 1999 and do not own the trademark as on date. As such, we do not enjoy the statutory protections accorded to a registered trademark as on date. There can be no assurance that we will be able to register the trademark and the logo in future or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Further, we cannot assure you that any application for registration of our trademark in future by our Company will be granted by the relevant authorities in a timely manner or at all. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property.

**Increased competition for skilled employees and salary increases for our employees may reduce our profit margin.**

Due to sustained economic growth in India and increased competition for skilled employees in India over the last few years, wages of skilled employees are increasing at a fast rate. Accordingly, we may need to increase our levels of employee compensation rapidly to remain competitive in attracting the quality of employees that our business requires. Salary increases may reduce our profit margins and have a material and adverse effect on our results of operations.

**Our Promoters and promoter group will hold a majority of our Equity Shares after the Issue and can therefore determine the outcome of any shareholder voting**

After completion of the Issue, and as per Draft Prospectus, our Promoters and our promoter group will hold approximately 68.05% of our paid up share capital. So long as our Promoters own a majority of our Equity Shares, they will be able to elect our entire Board of Directors and control most of the matters affecting us, including appointment and removal of our officers, our business strategy and policies, any decision with respect to mergers, amalgamations, acquisitions or disposal of assets, our dividend policy and our capital structure and financing. The interests of our Promoters may conflict with interests of our other investors, and you may not agree with the manner in which they exercise their powers of management or voting rights. Further, the extent of the Promoters' shareholding in our Company may result in the delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to our other shareholders.

**Covenants with institutional lenders may restrict our operations and expansion ability, which may affect our business and results of operations and financial condition.**

We are subject to usual and customary restrictive covenants in agreements that we have entered into with our banks for short-term and long-term borrowings. Certain covenants in our financing agreements require us to obtain approval from the financial institutions before any changes in capital structure or any major restructuring of our Company. Although we have generally not encountered difficulties in obtaining consent from the financial institutions for desired actions in the past, no assurance can be given that such consent will be granted at such times as we may require, or at all, in the future. For further details, see section titled "Financial Indebtedness" beginning on page 146 of this Draft Prospectus.

**We face the risk of potential liabilities from lawsuits or claims by customers.**

We may face the risk of legal proceedings and claims being brought against us by our customers for any defective product sold or any deficiency in our services to them. We could face liabilities should our customers face any loss or damage due to any unforeseen incident such as fire, accident, etc. in our exclusive brand outlets, which could cause financial and other damage to our customers. Commencement of these lawsuits against us may adversely affect the results of our operations.

**We have not made any alternate arrangements for meeting our regular working capital requirements. If our operations do not generate the necessary cash flow, our working capital requirements may negatively affect our asset portfolio related decisions and our hence affect our financial condition.**

As on date, we have not made any alternate arrangements for meeting our working capital requirements. We meet our working capital requirements through our owned funds and internal accruals and limits sanctioned by our bankers. Any shortfall in our net owned funds, internal accruals and our inability to raise debt would result in us being unable to meet our working capital requirements, which in turn will negatively affect our financial condition and results of operations.

**We operate in a highly competitive and fragmented industry.**

The apparel manufacturing and retail industry is highly competitive and fragmented. Our competitors include numerous apparel designers, manufacturers, and other established companies. Some of our competitors are larger and therefore better placed to take advantage of efficiencies created by size, and have better financial resources or greater access to capital at lower costs, and may be better known nationally. Moreover, as the industry is highly fragmented, we also face competition from local stores, who may, for a variety of reasons such as easier access and personal relationships with the customers, be able to cater to local demands better than us. We believe that the principal competitive factors in the apparel industry are brand name, brand identity, timeliness, reliability and quality of products, price and our ability to anticipate consumer demands and maintain appeal of products to customers. If we do not maintain our brand names and identities and fail to provide high quality and reliable products on a timely basis at competitive prices, or if our competitors are able to compete more effectively, we may not be able to maintain our competitive edge. If we are unable to compete successfully, we could lose our customers, which would negatively impact our sales and financial performance. Further, the competitive nature of the apparel industry may result in lower prices for our products and decreased gross profit margins, either of which may materially adversely affect our sales and profitability.

**We are highly dependent on third parties whom we outsource our products for manufacturing products for our Company and they may face strikes, lockouts and other labour unrests which could adversely affect our operations.**

Our performance, quality and our brand image is largely dependent on the efforts and abilities of laborers engaged by third parties that manufacture products for our Company. Whilst as per the information available by them, they have not faced any strikes or lock out by workmen in the past, and any strikes, lockouts or other form of labour unrest, could adversely affect our business, financial position, results of operations and cash flows. If the third parties are unable to negotiate with the workmen or the contractors, it could result in work stoppages or increased operating costs as a result of higher than anticipated wages or benefits.

**Any divergence in labour relations may subject us to industrial unrest, slowdowns and increased wage costs.**

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Although, we currently have harmonious relations with our employees and they are currently not unionized, there can be no assurance that we will continue to have such relations or that the employees will not unionize in the future. If our relations with the employees are strained, it may become difficult for us to maintain our existing labour policies, and our business may be adversely affected.

**We are yet to receive or renew certain approvals or licenses required in the ordinary course of business, and the failure to obtain them in a timely manner or at all may adversely affect our operations.**

We require certain statutory and regulatory permits, licenses and approvals to operate our business. We have made renewal applications for the same, but are yet to receive, certain approvals that have expired, or that are required for our business. For details of the same, see section titled "Government and Other Key Approvals", beginning on page No. 150 of this Draft Prospectus. If we fail to obtain the necessary approvals required by us to undertake our business, the same may adversely affect the growth of our business. Further, in the event there is any delay in getting the necessary approvals, the costs associated with developing our business may increase which could affect our financial performance.

**Attracting and retaining management personnel is a challenge.**

We have a team of professionals to oversee the operations and growth of our business. Our success depends in part on our ability to recruit and retain talented professionals such as designers, merchandisers at reasonable rates. We may face competition from other apparel manufacturing and retail companies in recruiting and retaining employees. Attracting and retaining scarce top quality managerial talent has become a serious challenge facing companies in India. The inability to recruit and retain such high quality human resources at reasonable rates could have an adverse effect on our business and financial condition. For further details, see section titled "Our Management" beginning on page No. 97 of this Draft Prospectus.

**We rely on our information technology systems and any failures in our systems could adversely impact our business.**

We depend extensively on our information technology systems to provide us connectivity across our business functions through our software, hardware and connectivity systems. We are in the process of upgrading our information technology infrastructure and any disruptions in the implementation or functioning thereafter could adversely affect our business operations. Any delay in implementation or any disruptions in the functioning could disrupt our ability to track, record and analyze the merchandise that we sell and cause disruptions of operations, including, among others, an inability to process shipments of goods, process financial information or credit card transactions, deliver products or engage in similar normal business activities.

**Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject and this may have a material adverse effect on our business.**

While we believe that the insurance coverage that we maintain is reasonably adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our results of operations or cash flows may be affected. Although we intend to maintain adequate insurance against losses, there is a risk that our insurance policies may not be sufficient in covering all losses which we or any third parties may suffer. If we suffer an event for which we are not adequately insured, there is a risk that it could have a material adverse effect on our business, results of operations and financial condition.

## EXTERNAL RISK FACTORS

### **Tax rates applicable to Our Company may increase and may have an adverse impact on our business.**

The tax rates including surcharge and education cess applicable to us for fiscal 2012 are 33.22% including surcharge. Any increase in the tax rates may have an adverse impact on our business and results of operations and we can provide no assurance as to the extent of the impact of such changes.

### **Any changes in regulations or applicable government incentives would materially adversely affect our operations and growth prospects**

We are subject to various regulations and policies. For details see section titled "Key Industries Regulations and Policies" beginning on page 89 of the Draft Prospectus. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations.

There can be no assurance that we will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which would have a material adverse effect on our business, financial condition and results of operations.

### **All of our revenue is derived from business in India and a decrease in economic growth in India could cause our business to suffer.**

We derive all of our revenue from our operations in India and, consequently, our performance and the quality and growth of our business are dependent on the health of the economy of India. This economy has sustained growth over the five years ended fiscal 2010 with an average real gross domestic product growth rate of approximately 8.5%. However, the Indian economy may be adversely affected by factors such as adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities or interest rates changes, which may also affect the microfinance industry. Any such factor may contribute to a decrease in economic growth in India which could adversely impact our business and financial performance.

### **Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry**

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and deregulation. The Government of India plays an important role by regulating the policies and regulations governing the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalization could change and specific laws and policies affecting the industry and other policies affecting investment in our Company's business could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable internal and international political environment could impact the economic performance in both the short term and the long term. The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support continued economic liberalization.

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

### **Our ability to raise foreign capital may be constrained by Indian law.**

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition, and results of operations.

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

Terrorist attacks may cause damage or disruption to our company, our employees, our facilities and our customers, which could impact our sales and results from operations. Any future terrorist attacks, the national and international responses to terrorist attacks, or other acts of war or hostility may cause greater uncertainty and cause our business to suffer in ways that we currently cannot predict.

## **RISK RELATING TO EQUITY SHARES**

**If there is any Future issue of Equity Shares it may dilute your shareholding and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares.**

Any future equity issues by us, including in a primary offering, may lead to the dilution of investors' shareholdings in us. Any future equity issuances by us or sales of its Equity Shares by the Promoters may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

**Our ability to pay any dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.**

The amount of our future dividend payments, if any, will depend upon our Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. There can be no assurance that our Company will be able to pay dividends.

**The price of our Equity Shares may be volatile, and you may be unable to resell your Equity shares at or above the Issue Price, or at all.**

Prior to the offer, there has been no public market for our Equity Shares, and an active trading market on the SME Platform of BSE. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the fire fighting industry, crushing industry, developments relating to India and volatility in the Exchange and securities markets elsewhere in the world. However, the LM will arrange for compulsory market making for a period of 3 years from the date of listing as per the regulations applicable to the SME platforms under SEBI (ICDR) Regulations, 2009.

**There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the SME Platform of BSE in a timely manner, or at all.**

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain any in-principle approval for listing of shares issued. We have only applied to BSE Limited to use its name as the Stock Exchange in this offer document for listing our shares on the SME Platform of BSE. In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the SME Platform of BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

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

Earlier to this Issue, there has been no public market for our Equity Shares. The Lead Manager and Market Maker for the Issue are **Firstcall Equity Advisors India Private limited** and **Oswal Shares And Securities Limited** respectively. However, the trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's

fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Makers please refer to the section titled "*General Information – Details of the Market Making Arrangement for this Issue*" on page No.39 of this Draft Prospectus.

**There are certain restrictions on daily movements in the price of the Equity Shares, which may adversely affect shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.**

Subsequent to the Issue, we will be subject to a daily "circuit breaker" imposed by BSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The BSE may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of imposing circuit limit, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

## PROMINENT NOTES:

### 1. Pre and Post Issue Net Worth (assuming full subscription to the issue)

<b>Pre Issue Net worth (Based on audited accounts as on March 31, 2012)</b>	<b>₹ 1244.76 lacs</b>
<b>Post Issue Net Worth</b>	<b>₹ [•] lacs</b>
<b>Issue Size</b>	Issue of 18,72,000 Equity Shares of ₹ 10/- each at ₹ 27/- (including share premium of ₹ 17/-) per Equity Share aggregating to ₹ 505.44 lacs (Rupees Five Crores Five Lacs Forty Four Thousand Only)
<b>Cost Per Share to the Promoters and Promoters' Group</b>	<b>Mr. Ravi Jagdish Bhandari - ₹ 2.21 per share Mrs. Rekha R Bhandari - ₹ 2.39 per share Ravi Bhandari HUF - ₹ 2.42 per share Lolipop Fashions Pvt. Ltd - ₹ 166.67 per share</b>
<b>Net Asset Value per share or Book Value (Based on Audited Accounts as on March 31, 2012) (Face Value of ₹ 10/- per share)</b>	<b>₹ 28.53 per share</b>

\*(Issue expenses not considered)

2. Our Company its Promoters / Directors, Company's Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The Promoters, their relatives, Company, group companies, associate companies are not declared as willful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them.

3. Investors are advised to refer to the paragraph titled "*Basis for Issue Price*" beginning on Page No. 54 of this Draft Prospectus.

4. The Lead Manager and our Company shall update this Draft Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Draft Prospectus and commencement of trading.

5. Investors are free to contact the Lead Manager for any clarification, complaint or information pertaining to the Issue. The Lead Manager and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.

6. In the event of over-subscription, allotment shall be made as set out in paragraph titled "*Basis of Allotment*" beginning on Page 173 of this Draft Prospectus and shall be made in consultation with the Designated Stock Exchange i.e. BSE. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.

7. The Directors / Promoters of our Company have no interest in our Company except to the extent of remuneration and reimbursement of expenses (if applicable) and to the extent of any equity shares (of Anshu's Clothing Limited) held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding. For further details please refer to the section titled "*Our Management*" on page 97 of this Draft Prospectus.

- 8.** No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the "Section VI- Financial Information". For details please refer to "*Financial Statements of the Company*" beginning on page 113 of this Draft Prospectus.
- 9.** The details of transaction by our Company with group companies during the last year are disclosed under "*Related Party Transactions*" in the Financial Information of our Company beginning on page 113 of this Draft Prospectus.
- 10.** Our Company was originally incorporated as "Black Star Products Private Limited" on March 24, 1995 under the Companies Act, 1956 with the Registrar of Companies, Gujarat ('ROC'). The name of Company was subsequently changed to "Maruti Dychem Private Limited" and fresh Certificate of Incorporation was obtained from ROC on February 12, 1998. Further the name of the Company was change to "Anshu's Clothing Private Limited" .Consequent upon conversion into Public Limited Company the name of our Company was changed to "Anshu's Clothing Limited "on April 20, 2012 and a fresh certificate of incorporation was obtained from the Registrar of Companies, Gujarat , Ahmedabad on June 1, 2012.
- 11.** Public issue of 18,72,000 Equity Shares of ₹ 10 each of the Company for cash at a price of ₹ 27/- per Equity Share aggregating to ₹ 505.44 lacs. The Issue will constitute 30.03 % of the fully diluted post-Issue Equity Share capital of the Company.
- 12.** The net worth of the Company was ₹ 1244.76 lacs as of March 31, 2012, as per the restated financial statements of the Company prepared in accordance with Indian GAAP and restated in accordance with SEBI (ICDR) Regulations. For more information, see the chapter titled "Financial Statements" beginning on page 113 of the Draft Prospectus.
- 13.** The book value per Equity Share of ₹ 10 each was ₹ 28.53 as of March 31, 2012, as per the restated financial statements of the Company prepared in accordance with Indian GAAP and restated in accordance with SEBI (ICDR) Regulations. For more information, see the chapter titled "Financial Statements" beginning on page 113 of the Draft Prospectus.
- 14.** Except as disclosed in the chapters "Objects of the Issue", "Our Promoter Group" and "Our Management" beginning on pages 50,107 and 97 of the Draft Prospectus, respectively, none of the Promoters, Directors or Key management personnel have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of such shareholding.
- 15.** For details of the related party transactions, including details of transactions between the Company with its subsidiaries and group companies and the cumulative value of such transactions, please refer "Related Party Transactions" on page 113 of the Draft Prospectus.
- 16.** Neither a member of the Promoter Group nor a Director nor any relative of any Director has financed the purchase by any other person of any securities of the Company during the six months immediately preceding the date of the Draft Prospectus.
- 17.** Other than as stated in the chapter titled "Capital Structure" on page 41 of the Draft Prospectus, the Company has not issued any Equity Shares for consideration other than cash.
- 18.** The Issue is being made in terms of regulation 106M (1) of SEBI (ICDR) Regulations, 2009, as amended. This being a fixed price issue, the allocation in the net offer to the public category shall be made as per sub clause (4) of Regulation 43 of the SEBI (ICDR) Regulations, 2009, as amended. For further details, please refer to the chapter titled "Issue Structure" beginning on page 166 of the Draft Prospectus.
- 19.** Trading in Equity Shares for all investors shall be in dematerialized form only.

## **SECTION III- INTRODUCTION**

### **SUMMARY OF OUR INDUSTRY**

*The information in this section has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.*

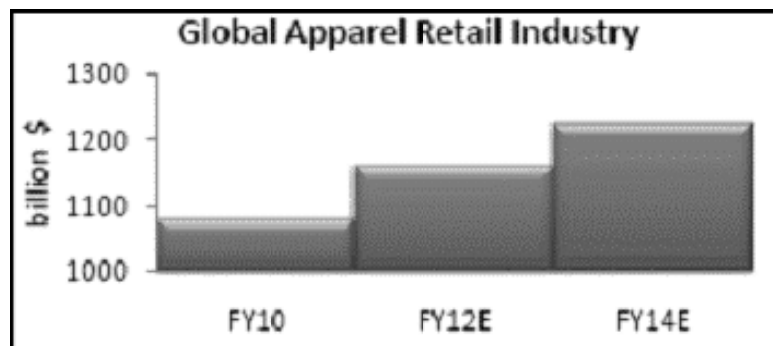
### **RETAIL SECTOR AN OVERVIEW:**

Retailing has played a major role in the global economy. In developed countries, retailing is one of the most prominent industries. Since precedent 10 years the retail landscape in the developing markets has experienced hotheaded growth. The developing countries accounts for 42 percent of the global retail sales, a 7 percent rise since 2001. As mature economies stagnate, developing markets are a global retail growth engine. Throughout these years of change five countries consistently ranked in the GRDI's (Global Retail Development Index) top 10: China, India, Russia, Vietnam and Chile. The growth trajectory of the retail market in these countries consistently surpassed other developing markets, as demonstrated by the growth in retail spending per capita and retail space. Although each country is in a different stage of retail development, they all represent significant potential and will continue to draw the interest of leading retailers for years to come.

(Source:<http://www.atkearney.com/index.php/Publications/grdi-a-10-year-retrospective.html>)

### **Global Apparel Retail Industry**

If we take overview about the global apparel retail industry, it grew by 2.1% in FY10 to reach a value of \$1,078.2 billion. In 2014, the global apparel retail industry is forecast to have a value of \$1,222.7 billion, an increase of 13.4% since 2009.



(Source: <http://www.fibre2fashion.com/industry-article/33/3251/india-retail-apparel-research1.asp>)

### **INDIAN RETAIL SECTOR**

The retail sector in India has been at the helm of India's growth story. Retail business contributes around 11 percent of India's GDP. Retailing as a sector is witnessing revolution in India. Retailing in India is gradually becoming the next boom industry. The growth of India's retail sector not only limited to urban areas but also growing in rural areas. Enhancing middle and upper middle class consumer base has set vast opportunities in India's tier-II & tier-III cities. The greater availability of personal credit, improved mobility, better tourism etc all, are all small, but significant contributors to the growth of Indian retail industry. Also, more and more companies are willing to invest in India due to significant growth forecasts on gross domestic product (GDP).

In the next five years, it is expected that, India's retail industry will expand more than 80%. India has been ranked as the top retail destination globally for retail investment attractiveness among 30 emerging markets in the world. The Indian retail sector is the second largest untapped market after China. Higher disposable income coupled with favorable demographic changes (Increase in working women population, rise in nuclear family, largest young population and higher growth in urban and sub-urban population), changes in consumer needs, attitudes and behavior, and increased credit friendliness are some of the key growth drivers for modern retail in India.

(<http://www.fibre2fashion.com/industry-article/33/3251/india-retail-apparel-research1.asp>)

## INDIAN APPAREL MARKET

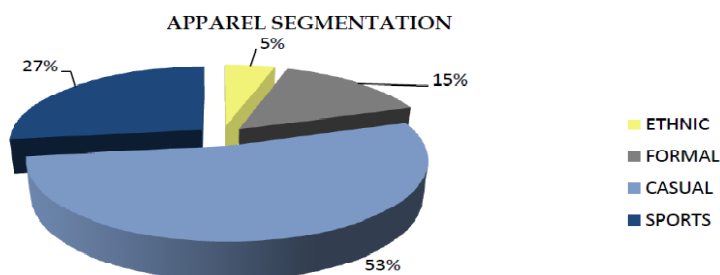
The Indian apparel retail industry had total revenue of \$28,102.6 million in FY10, representing a compound annual growth rate (CAGR) of 9.9% for the period spanning 2005-2009. India's Apparel industry (domestic + exports) is expected to grow from the current \$ 70 billion to \$ 220 billion by 2020. The Indian domestic Apparel market size in FY10 was \$ 47 billion and is expected to grow at 11% CAGR to reach \$ 140 billion by 2020. India's exports have also recovered in FY10 following increased global demand and is currently worth \$ 23.5 billion.

APPARELS CONTRIBUTION TO INDIA'S GDP



(Source: <http://www.fibre2fashion.com/industry-article/33/3251/india-retail-apparel-research1.asp>)

## MARKET SEGMENTATION



(Source: <http://www.fibre2fashion.com/industry-article/33/3251/india-retail-apparel-research1.asp>)

(Segments of the Indian Apparel Market are discussed in details in Section V under the heading "Industry Overview" of on Page 65 of this Draft Prospectus)

## **SUMMARY OF OUR BUSINESS**

Our Company was originally incorporated as "Black Star Products Private Limited" on March 24, 1995 under the Companies Act, 1956 with the Registrar of Companies, Gujarat ('ROC'). The name of Company was subsequently changed to "Maruti Dychem Private Limited" to diversify its new activities in the field of Dyes and Intermediates and fresh Certificate of Incorporation was obtained from ROC on February 12, 1998. Further the name of the Company was change to "Anshu's Clothing Private Limited" to give effect to the alteration in the Main Object Clause for entering into garment business. Consequent upon conversion into Public Limited Company the name of our Company was changed to "Anshu's Clothing Limited "on April 20, 2012 and a fresh certificate of incorporation was obtained from the Registrar of Companies, Gujarat , Ahmedabad on June 1, 2012.

We are operating in fastest growing and untapped market segment with immense growth opportunities. We are operating in Women's exclusive Ethnic wear , Women's casual wear and Kids wear segment. We mainly deal in the business of designing, trading ,job contract manufacturing, branding and selling of ready-made apparels under brands promoted in the name of Company and its promoters.

**"Anshu's Designer Studio"** is the brand promoted by the Company while the other brands **"Lolipop only for kiddos"** and **"Kalamkari"** are promoted by **Mrs. Rekha Ravi Bhandari** and **Ravi Bhandari HUF** and the same brands are used by the Company.

The Company is also partner in a Partnership Firm Names M/s A.M. Energy Systems engaged in business to generate conventional and non –conventional energy, power, etc. The Company had entered into the partnership firm vide Dated 19<sup>th</sup> December, 2011

The Company launched the brand **Anshu's Designer Studio** which was incepted on 27th August, 2005 is one of the leading fashion house and designer boutiques in Ahmedabad offering Indian ethnic wear, Indian wedding saris, wedding bridal saris, evening wear, party wear, Indian designer wear. Our exclusive collection includes Designer Sarees, designer Salwar Kameez, Bridal Collection as Bridal Sarees and Bridal Lehnga, partywear lehenga, party wear sarees etc. Designers put their talent and efforts to give clients most desired exclusive designs that can be found only at Anshu's Designer Studio. The products of Anshu's Designer Studio are most sought after and most favorite among the crème clientele of city.

The huge success in ethnic women wear prompted the Company to explore more arenas and finally Anshu's came up with Kids wear brand **"LOLIPOP"** all across India. **LOLIPOP** Kids wear are exclusively designed for children after a lot of market research , keeping in mind the comfort and style quotient for today's young generation. Further promoters have along launched recently the brand " Kalamkari " in the year 2012 which would target middle class to high class women's wear.

We operate mainly through Exclusive Brand outlets EBOs for trading of readymade garments. We have chosen this model to concentrate more on the quality and other measure to be taken and be relieved and independent of external marketing pressures attributable to the national chain stores, multi brand outlets and other intermediaries. As on 30<sup>th</sup> June, 2012, "Lolipop" is sold through our 41 exclusive brand outlets and the *"Anshu's Designer Studio"* brand is sold through 15 exclusive brand outlets. Company is planning to launch " Kalamkari" and have executed the Agreement for opening exclusive brand outlets.

We have been developing a distinct brand and marketing strategy for our brands. We advertise in print and broadcast media, as well as market directly to consumers through billboards, event sponsorships, celebrity sponsorships, special event advertisements and advertisements in selected periodicals.

## **Competitive Strengths**

We believe that we are well positioned to capture considerable growth opportunities in India's apparel manufacturing and retail sectors, because of our following key strengths:

## **Exclusive Brand Outlets**

The majority of apparel manufacturers cum retailers in India operate through a combination of retailing through exclusive outlets. We operate on a model of marketing our apparels directly through a chain of exclusive brand outlets and thus are independent of external marketing pressures attributable to the national chain stores, multi brand outlets and other intermediaries. This enables us to focus our strategies and efforts towards quality maintenance and customer satisfaction without the interference of any external agency. This model also enhances the brand equity and recall value of Company and promoter brands "Anshu's Designer Studio" "Lolipop" and "Kalamkari" and also allows us to undertake line extensions, as the shelf space on each of the exclusive brand outlets is controlled by us.

## **Wide network of Exclusive Brand Outlets.**

We have an extensive network of exclusive brand outlets for our brands "Anshu's Designer Studio" and "Lolipop", which are spread across all over India. As on the date of filing prospectus "Lolipop" is sold through 41 exclusive brand outlets and the "Anshu's Designer Studio" brand is sold through 15 exclusive brand outlets. We have an established network in parts of India and are rapidly consolidating our network all over India. We have plans to book various locations to open our exclusive brand outlets. The wide coverage of our exclusive brand outlets from metros to tier II towns and through the various regions in India, will allows us the flexibility to hedge against fashion changes given the general time lag in fashion trends between different cities.

## **Integrated player with low-cost outsourcing capabilities.**

We are an integrated player across the entire value chain of trading and retailing and one of our major strengths is using outsourcing facilities and rigid quality controls. We outsource our raw materials through intermediaries (who procure raw materials from various Markets). We also employ extensive logistics and supply chain management systems to maintain maximum flexibility, which enables us to meet our needs in an efficient manner without relying on any one vendor, factory or country. Our sourcing team closely monitors our suppliers and provides strict quality assurance analysis that allows us to consistently maintain our quality for our customers. Because of our out sourcing expertise, capabilities and relationships, we believe that we are well positioned to take advantage of the dynamics of the consumer and retail sector in India.

## **Unique brand positioning.**

We position ourselves as a *High Fashion Value for Money* brand. Our "Anshu's Designer Studio" brand is positioned in the upper Class and upper middle class segment, offering a complete range of exclusive women's Ethnic wear targeting the Indian Women. Our "Lolipop" brand is an exclusive kids wear brand for kiddos in the age group of 2 to 12 years and our brand "Kalamkari" is targeting middle class to high class women's wear. We believe in providing our customers value for their money and position our apparels at a reasonable price with a focus on volume sales. We believe that fashion and style statements are not restricted to high income segment and there is an untapped market in the middle income segment which is our brands conscious and aspirational in nature. We believe that we are targeting one of the fastest growing segments, having an increasing level of disposable income.

## **Design and merchandising expertise, with a pulse on fashion.**

We have a team of designers and merchandisers who are supported by a sufficient staff, including assistant designers and technical designers. We have specialized design teams for each of our apparel categories, ensuring that each of our design teams has specialized skill sets. We design our apparel range keeping in mind our target customers as well as the latest fashion trends across the world in terms of fashion, fabric, wearability, stitch, embellishments and also pricing. Our marketing and merchandising teams keep themselves abreast of the various fashion developments and mixes it with the creativity of professionally qualified designers working for us to create a distinct style statement at affordable prices.

## **Understanding the consumer**

Understanding the consumer is one of the most important skills required to be successful in this business. Our promoters have over more than a decade of experienced this field. We believe this helps us in understanding the consumer psyche and predicting future trends better.

### **Experienced and efficient management**

Our Company is managed by a team of experienced and professional managers, exclusively focused on different aspects of the apparel industry such as design, merchandising, sourcing, marketing, quality control, logistics and finance. Our promoters and management have substantial experience in apparel sector. We also have a second layer of key executives who are capable of creating and facing the challenges of growth within our Company and our sector. In our business, identification of optimal location for our outlets and managing logistics are the key growth drivers. The proactive and aggressive approach of our management team towards the above core factors has led to the growth of our company to have 41 exclusive brand outlets of “*Lollipop*” and 15 exclusive brand outlets of “*Anshu’s Designer Studio*”.

### **Wide apparel range**

We have in our kids wear a wide apparel ranges from shirts, non denim trousers, denims, suits, blazers, T- shirts, cargos, capris, sweaters etc. We trade and retail through our exclusive brand outlets. In our brand “Anshu’s Designer Studio” we provide exclusive women’s wear ranges from Designer Sarees, designer Salwar Kameez, Bridal Collection as Bridal Sarees and Bridal Lehnga, partywear lehnga to party wear sarees. While in our newly launched brand “Kalamkari” products ranges from kurti , tops, tunics, Mix & Match, Skirt , leggings and salwar. Our wide apparel portfolio allows us to cater to the diverse demands of our customers and also allows us to consolidate and establish our presence across diverse regions.

### **IT Infrastructure**

We have recently introduced a state of the art information flow system. We are currently maintaining our sale, records and store inventories on specially developed computer applications known as Ginesys. These softwares enable us to maintain mirror images of the data base at our head office and our stores across various locations. All daily transactions at either end are updated through pooling of incremental data of new transactions. This helps us to maintain complete control from the head office over all the stocks and sales on a daily basis.

### **Our Strategy**

Principal elements of our strategy are the following:

#### **Increase geographic penetration by spreading the network of exclusive brand outlets.**

We will focus on maintaining and reinforcing the image of our existing exclusive brand outlets and also introduce our apparels to new geographic areas and consumer sectors that are presently less familiar with our apparels. We have opened our exclusive outlets in all the cities of India. Further, we have plans to launch Exclusive Brand Outlets under “*Kalamkari*” brand. We plan to consolidate our presence across all regions in India and also seek to increase our business with our existing customers by offering them apparels that are in line with latest fashion trends and by capitalizing on our relationships with them by offering them at affordable prices.

#### **Enhancing trading and outsourcing capacities.**

We are focused on establishing and increasing our trading and outsourcing facilities as this allows us to exercise due control over both the costs of the products and we can more concentrate on the quality of the apparel being manufactured. We believe that an increase in our capacity will also help us to enhance economies of scale, and this would eventually translate to an improvement in the price competitiveness of our apparels.

#### **Strengthening our current brands and introduction of more brands**

We intend to reinforce the brand value of all our existing brands through enhanced product design and sustained brand building campaign. We also intend to introduce new brands in order to cater to the various customer demands and differentiate our product offerings. We further intend to strengthen our existing brands. One of our further step towards this, is the introduction of our new brand “*Kalamkari*” which is positioned to cater the needs of women’s casual wears and concentrating on middle class and upper middle class.

**Target the growing segments.**

We are focused on providing complete kids wear range in the middle to high fashion segment at affordable prices through "Lolipop". This business strategy and brand positioning is in line with our target market, which is India focused. The Indian market is very different from mature markets with a rapidly growing population and a demographic profile with a very young population. While the "*Anshu's Designer Studio*" brand is focused on providing exclusive women's wear and targeting the crème clientele. The third recently launched brand "Kalamkari" is positioned to cater the need of women's casual wears and concentrating on middle class and upper middle class. We are focused on a fast growing segment of branded fashion wear for the young. We also intend to continue to expand the range of our product lines, thereby capitalizing on the name recognition and popularity of our brands. We intend to continue to undertake line extensions which are within the sphere of our core competence.

**Strengthen the competitive position and recognition of our brands.**

We intend to continue enhancing the recognition of our brands by aggressively marketing our brands to both consumers and franchisees. We have made a strategic decision to focus on branded apparel and to market the same through exclusive brand outlets. As a result of this shift in our business strategy we have been developing a distinct brand and marketing strategy for our brands. We will continue to advertise in print and broadcast media, as well as market directly to consumers through billboards, event sponsorships, celebrity sponsorships, special event advertisements and advertisements in selected periodicals. In addition, we will continue to have a strong presence at trade shows and events throughout the country.

**Further improving our cost structure.**

We believe in providing quality apparels at affordable prices. We have improved our operating margins and cost structure by consolidating various operations and reducing selling, general and administrative costs, and by actively seeking efficient sources of production, mainly through outsourcing. We intend to continue to: (a) identify efficient outsourcing operations and improved raw material sourcing; and (b) maintain and enhance a low cost infrastructure and a flexible supply chain

**Pursuing potential strategic acquisitions to complement our existing brand portfolio.**

We believe that, over the long-term, attractive opportunities will exist to increase revenues and earnings in our core operating units with acquisitions of complementary product lines and businesses. In addition to our plans to expand our product supply capacities, we also look forward to acquiring or merging with businesses with synergetic possibilities for our designing, we may in future have manufacturing and retail operations. We intend to pursue these opportunities, in a disciplined manner, to the extent that they become available. As part of the active management of our brands, we will also continue to assess our brand portfolio and may choose to rationalize certain assets over time.

**Exports of apparels under our brands**

Till now, we have not entered into any exports of our garments. We may enter to export arrangements and accept the opportunities if in favor of our business but at the same time we will concentrate more on our present business model of exclusive branded stores. We believe that our apparels would also have an acceptance outside India and consequently, as a part of our strategy, we intend to enter the overseas market as a possible business thrust.

## ISSUE DETAILS IN BRIEF

### PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS

<b>Equity Shares Offered: Present Issue of Equity Shares by our Company</b>	<b>18,72,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 27/- per share aggregating ₹ 505. 44 Lacs</b>
<b>Issue Reserved for the Market Makers</b>	3,12,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 27/- per share aggregating ₹ 84.24 Lacs
<b>Net Issue to the Public</b>	15,60,000 Equity Shares of ₹10/- each for cash at a price of ₹ 27/- per share aggregating ₹ 421.20 Lacs  <b>OF WHICH</b> 7,80,000 Equity Shares of ₹10/- each at a premium of ₹ 17/-per Equity Share will be available for allocation for Investors of upto ₹ 2.00 Lacs  7,80,000 Equity Shares of ₹ 10/- each at a premium of ₹ 17/- per Equity Share will be available for allocation for Investors of above ₹ 2.00 Lacs
<b>Equity Shares outstanding prior to the Issue</b>	43,62,780 Equity Shares
<b>Equity Shares outstanding after the Issue</b>	62,34,780 Equity Shares
<b>Objects of the Issue</b>	Please refer Chapter to the title " <i>Objects of the Issue</i> " on page 50 of this Draft Prospectus

\* This issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details please refer to "*Issue Structure*" on page 166 of this Draft Prospectus.

## SUMMARY OF OUR FINANCIAL INFORMATION

### SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ In Lacs)

Particulars		As at March 31st				
		2012	2011	2010	2009	2008
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1</b>	<b>Shareholders' funds</b>					
	(a) <u>Share capital</u>	436.28	47.50	45.50	45.50	45.50
	(b) <u>Reserves and surplus</u>	832.00	127.53	31.06	26.29	25.75
	Share application Money pending for allotment	-	-	60.00	-	1.50
<b>2</b>	<b>Non-current liabilities</b>					
	(a) <u>Long-term borrowings</u>	209.60	99.24	56.29	99.18	101.52
	(b) <u>Deferred tax liabilities (Net)</u>	11.17	5.86	-	-	-
	(c) <u>Other Long term liabilities</u>	634.09	221.50	47.00	-	-
<b>3</b>	<b>Current liabilities</b>					
	(a) <u>Short-term borrowings</u>	541.53	299.87	192.53	151.91	132.25
	(b) <u>Trade payables</u>	227.48	154.24	66.18	35.19	14.41
	(c) <u>Other current liabilities</u>	24.00	0.26	-	1.53	0.05
	(d) <u>Short-term provisions</u>	17.85	18.68	2.56	1.93	1.47
	<b>TOTAL</b>	<b>2,934.00</b>	<b>974.68</b>	<b>501.12</b>	<b>361.53</b>	<b>322.45</b>
<b>II.</b>	<b>ASSETS</b>					
<b>1</b>	<b>Non-current assets</b>					
	(a) <u>Fixed assets</u>					
	(i) <u>Tangible assets</u>	221.72	123.46	116.41	120.21	122.84
	(ii) <u>Intangible assets</u>	10.90	-	-	-	-
	(b) <u>Non-current investments</u>	956.50	6.50	6.50	-	-
	(c) <u>Deferred Tax Assets ( Net)</u>			0.00	0.00	0.01
	(d) <u>Long-term loans and advances</u>	219.91	97.38	101.63	12.04	12.19
	(e) <u>Other non-current assets</u>	23.52	20.85	-	-	-
<b>2</b>	<b>Current assets</b>					
	(a) <u>Inventories</u>	607.76	375.35	192.14	164.04	130.95
	(b) <u>Trade receivables</u>	835.40	317.03	75.65	44.07	45.13
	(c) <u>Cash and cash equivalents</u>	32.51	15.85	5.72	19.94	10.28
	(d) <u>Short-term loans and advances</u>	25.80	18.26	3.06	1.24	1.04
	<b>TOTAL</b>	<b>2,934.00</b>	<b>974.68</b>	<b>501.12</b>	<b>361.53</b>	<b>322.45</b>

## SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹ In Lacs)

Particulars		As At 31st March				
		2012	2011	2010	2009	2008
<b>I.</b>	Revenue from operations	2,771.60	1,167.82	1,000.85	162.23	210.90
<b>II.</b>	Other income	7.69	7.21	0.34	0.88	1.00
<b>III.</b>	<b>Total Revenue (I + II)</b>	<b>2,779.29</b>	<b>1,175.03</b>	<b>1,001.19</b>	<b>163.11</b>	<b>211.90</b>
<b>IV.</b>	<b>Expenditure</b>					
	Purchases	2,597.83	1,173.34	939.69	130.41	159.64
	Changes in inventories of finished goods	(232.41)	(183.21)	(28.10)	(33.08)	(10.74)
	Employee benefits expense	20.86	12.82	11.92	6.72	10.57
	Finance costs	112.83	55.99	34.00	32.11	23.30
	Depreciation and amortization expense	8.29	4.17	3.79	4.33	4.69
	Other expenses	199.26	50.58	33.07	21.32	23.35
	<b>Total expenses</b>	<b>2,706.67</b>	<b>1,113.70</b>	<b>994.38</b>	<b>161.81</b>	<b>210.80</b>
<b>V.</b>	<b>Profit Before Tax ( III - IV)</b>	<b>72.62</b>	<b>61.33</b>	<b>6.81</b>	<b>1.30</b>	<b>1.10</b>
<b>VI</b>	<b>Tax expense:</b>					
	(1) Current tax	17.00	17.00	2.05	0.63	0.41
	(2) Fringe Benefit Tax	-	-	-	0.12	0.11
	(3) Deferred tax	5.31	5.86	-	0.01	(0.01)
		22.31	22.86	2.05	0.76	0.51
<b>VII</b>	<b>Profit (Loss) for the period (V- VI)</b>	<b>50.31</b>	<b>38.47</b>	<b>4.76</b>	<b>0.54</b>	<b>0.59</b>
	Less: Transferred to General Reserve	-	-	-	-	-
	<b>Amount to be transferred to P &amp; L A/c</b>	<b>50.31</b>	<b>38.47</b>	<b>4.76</b>	<b>0.54</b>	<b>0.59</b>

## CASH FLOW STATEMENT, AS RESTATED

(₹ In Lacs)

Sr. No.	Particulars	As On 31st March,				
		2012	2011	2010	2009	2008
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:-</b>					
	<b>Net Profit before Tax as per Profit &amp; Loss Account</b>	<b>72.62</b>	<b>61.33</b>	<b>6.81</b>	<b>1.30</b>	<b>1.10</b>
	Adjusted for:					
	Prior Period Item	(0.06)	(4.63)	0.00	0.00	0.00
	Preliminary & Deferred Revenue Expenses written off	7.18	5.21	0.00	0.00	0.02
	Depreciation and Amortisation Expenses	8.29	4.17	3.79	4.33	4.69
	Interest Income	(7.28)	(2.38)	(0.02)	(0.10)	(0.84)
	Finance Costs	112.83	55.99	34.00	32.11	23.30
		120.97	58.36	37.78	36.34	27.17
	<b>Operating Profit before Working Capital Changes</b>	<b>193.59</b>	<b>119.70</b>	<b>44.59</b>	<b>37.64</b>	<b>28.27</b>
	Adjusted for:					
	Trade Receivables	(518.37)	(241.38)	(31.57)	1.06	(45.13)
	Inventories	(232.41)	(183.21)	(28.10)	(33.08)	(10.74)
	Trade Payable, Other Current Liabilities & Provisions	79.15	87.44	28.04	21.97	(6.70)
		(671.62)	(337.15)	(31.64)	(10.05)	(62.57)
	<b>Cash Generated From Operations</b>	<b>(478.03)</b>	<b>(217.45)</b>	<b>12.95</b>	<b>27.59</b>	<b>(34.30)</b>
	Taxes Paid	(0.73)	(1.23)	0.00	0.00	(0.11)
	<b>Net Cash from Operating Activities</b>	<b>(478.76)</b>	<b>(218.69)</b>	<b>12.95</b>	<b>27.59</b>	<b>(34.42)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:-</b>					
	Purchase of Fixed Assets	(117.40)	(6.58)	0.00	(1.70)	(0.25)
	Purchase/ Sale of Investments	(950.00)	0.00	(6.50)	0.00	8.00
	Movement in Loans & Advances ( Net)	(129.33)	(9.71)	(91.42)	(0.05)	9.63
	Other Non-current assets	(9.85)	(26.06)	0.00	0.00	0.00
	Interest Income	7.28	2.38	0.02	0.10	0.84
	<b>Net Cash ( used in) Investing Activities</b>	<b>(1,199.30)</b>	<b>(39.98)</b>	<b>(97.90)</b>	<b>(1.64)</b>	<b>18.21</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:-</b>					
	Proceeds from Issue of Share Capital	95.93	2.00	0.00	0.00	0.00
	Proceeds from Share Re-issue	2.00	0.00	0.00	0.00	0.00
	Reduction in Share Application Money		(60.00)	60.00	(1.50)	0.00
	Proceeds from Long Term Borrowings ( Net)	110.36	42.95	(42.89)	(2.34)	(2.18)
	Proceeds from Other Long Term Liabilities	412.59	174.50	47.00	0.00	0.00
	Short Term Borrowings ( Net)	241.66	107.33	40.63	19.66	50.27
	Increase in Securities Premium Account	945.01	58.00	0.00	0.00	0.00
	Finance Cost	(112.83)	(55.99)	(34.00)	(32.11)	(23.30)
	<b>Net Cash ( used in)/ from Financing Activities</b>	<b>1,694.73</b>	<b>268.79</b>	<b>70.73</b>	<b>(16.29)</b>	<b>24.79</b>
<b>D.</b>	<b>Net Increase in Cash or Cash Equivalents ( A + B +C )</b>	<b>16.66</b>	<b>10.13</b>	<b>(14.22)</b>	<b>9.66</b>	<b>8.58</b>
<b>E.</b>	<b>Opening Balance of Cash and Cash Equivalents</b>	<b>15.85</b>	<b>5.72</b>	<b>19.94</b>	<b>10.28</b>	<b>1.70</b>
	<b>Closing Balance of Cash and Cash Equivalents ( D + E )</b>	<b>32.51</b>	<b>15.85</b>	<b>5.72</b>	<b>19.94</b>	<b>10.28</b>

## GENERAL INFORMATION

Our Company was originally incorporated as "Black Star Products Private Limited" on March 24, 1995 under the Companies Act, 1956 with the Registrar of Companies, Gujarat ('ROC'). The name of Company was subsequently changed to "Maruti Dychem Private Limited" to diversify its new activities in the field of Dyes and Intermediates and fresh Certificate of Incorporation was obtained from ROC on February 12, 1998. Further the name of the Company was change to "Anshu's Clothing Private Limited" to give effect to the alteration in the Main Object Clause for entering into garment business. Consequent upon conversion into Public Limited Company the name of our Company was changed to "Anshu's Clothing Limited" on April 20, 2012 and a fresh certificate of incorporation was obtained from the Registrar of Companies, Gujarat, Ahmedabad on June 1, 2012

### Brief about Company and Issue related Information

<b>Registered Office</b>	Anshu's Clothing Limited F-103, Shivalik Plaza, Near IIM, Atira Road, Vastrapur, Ahmedabad-380015. Tel No: +91 79 3007 1919, +91 79 4030 1521 Email: <a href="mailto:anshusdesigns@gmail.com">anshusdesigns@gmail.com</a> Website: <a href="http://www.anshusdesigns.com">www.anshusdesigns.com</a>
<b>Date of Incorporation</b>	March 24, 1995
<b>Company Registration No.</b>	025177
<b>Company Identification No.</b>	U36999GJ1995PLC025177
<b>Address of Registrar of Companies</b>	Roc Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013
<b>Name of the Stock Exchange</b>	SME Platform of BSE Limited
<b>Issue Programme</b>	Issue Opens on : [•] Issue Close on : [•]

### BOARD OF DIRECTORS:

Our Board of Directors comprises of the following members:

NAME	DESIGNATION	DIN	ADDRESS
Mr. Ravi Bhandari	Chairman cum Managing Director	01227082	E/4 Nebulla Tower, Bodakdev, Ahmedabad-380054, Gujarat.
Mrs. Rekha Bhandari	Whole Time Director	01359192	E/4 Nebula Towers Opp Grandbhagwati, Bodakdev, Ahmedabad-380054, Gujarat.
Mrs. Nimisha Varun Modi	Non-Executive Independent Director	05258136	C-301 Ashavari Tower, Nr Ramdevnagar, Satellite, Ahmedabad-380015, Gujarat.
Mr. Mohjeetkumar M. Chopra	Non-Executive Independent Director	05275097	C, 403, Nilkanth, Park 2, Ghoda Camp Road, Shahibaug, Ahmedabad, 380004, Gujarat.
Mr. Abhishek Lalaram Shah	Non-Executive Independent Director	05311344	125/975, Kalapinagar, Meghaninagar, Ahmedabad- 380001, Gujarat.

For further details of our Directors of our Company, please refer to section titled "*Our Management*" on page 97 of this Draft Prospectus.

## Company Secretary & Compliance Officer of our Company

Ms. Pooja Gwalani  
Anshu's Clothing Limited  
F-103, Shivalik Plaza, Near IIM,  
Atira Road, Vastrapur,  
Ahmedabad-380015.  
Tel No: +91 79 3007 1919, +91 79 4030 1521  
Email : [cs@anshusdesigns.com](mailto:cs@anshusdesigns.com)  
Website: [www.anshusdesigns.com](http://www.anshusdesigns.com)

**Note: Investors can contact the Compliance Officer in case of any Pre Issue or Post Issue related problems such as non-receipt of letter of allotment or share certificates, credit of securities in depositories' beneficiary account or dispatch of refund orders etc.**

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

**For all Issue related queries and for redressal of complaints, Applicants may also write to the Lead Manager. All complaints, queries or comments received by SEBI shall be forwarded to the Lead Manager, who shall respond to the same.**

## Details of Key Intermediaries pertaining to the Issue of Company

Lead Manager of the Issue	Registrar to the Issue
<b>Firstcall India Equity Advisors Private Limited</b> 3 <sup>rd</sup> Floor, Sankalp, The Bureau, Ramakrishna Chemburkarg Marg, Chembur Naka, Chembur- 400071 , Maharashtra <b>Tel. No.</b> +91 -22-2527 2510/6077/6089 <b>Fax No.</b> +91 -22-2527 6089 <b>Website:</b> <a href="http://www.firstcallindiaequity.com">www.firstcallindiaequity.com</a> <b>Email:</b> <a href="mailto:vsrsastry@firstcallindiaequity.com">vsrsastry@firstcallindiaequity.com</a> <b>Contact Person:</b> V.S.R.Sastry SEBI Registration No: INM 000011450	<b>Cameo Corporate Services Limited</b> 'Subramanian Building', No.1, Club House Road, Chennai- 600 002. <b>Tel. No.</b> +91-44-2846 0390, <b>Fax No.</b> +91-44-2846 0129 <b>Website:</b> <a href="http://www.cameoindia.com">www.cameoindia.com</a> <b>Email:</b> <a href="mailto:investor@cameoindia.com">investor@cameoindia.com</a> <b>Contact Person :</b> Mr. R. D. Ramaswamy <b>SEBI Registration No:</b> INR 000003753
Bankers to the Company	Legal Advisor to the Issue
<b>Devlopment Credit Bank Limited</b> Ground Floor, " Prerna Arcade", Opp. Doctor House, Near Parimal Garden, Ahmedabad - 380006 <b>Tel. No.:</b> +91 79 66143261/64 <b>Fax No.</b> +91 79 26402606 <b>Website:</b> <a href="http://www.dcbbank.com">www.dcbbank.com</a> <b>Email:</b> <a href="mailto:muktiketabn@dcbbank.com">muktiketabn@dcbbank.com</a>  <b>Indian Overseas Bank</b> 1, Akash Building, G.F., Judges Bungalow Road, Satellite, Ahmedabad- 380054 Tel. No. +91-79-26852676 Website: <a href="http://www.iob.in">www.iob.in</a> Email : <a href="mailto:satelbr@ahmsco.iobnet.co.in">satelbr@ahmsco.iobnet.co.in</a>	<b>Hasurkar Associates</b> 104-A, Harivilla Appartments, Bodakdev Road, Vastrapur, Ahmedabad-380 015  Tel. No. +91 -79-26840850 Email: <a href="mailto:bhargav.h@gmail.com">bhargav.h@gmail.com</a> Contact Person:- Bhargav S. Hasurkar, Advocate

<b>HDFC Bank Limited</b> Abhishilp, Shop No 1 & 2, Opp Vishveshwar Mahadev Temple, Near Keshavbaug Party Plot, Judges Bungalow Road, Vejalpur, Ahmedabad - 380015, Gujarat Tel. No. : +91 -79-40086463, Fax: +91- 79-40086465 Email: support@hdfc.com Website: www.hdfcbank.com	
<b>Statutory / Peer Review Auditor of the Company</b>	<b>Bankers to the Issue/ Escrow Collection Bankers</b>
<b>M/s. Loonia &amp; Associates, Chartered Accountants</b>  <b>21 8, Ground Floor, New Cloth Market, O/s Raipur Gate, Ahmedabad- 380002</b> <b>Tel. No. +91 -79 -22166502</b> <b>Firm Reg. No. 130883W</b> <b>Email: loonia.associates@gmail.com</b> <b>Contact Person: Mr. Hitesh Loonia</b>	<b>Axis Bank Limited</b> "TRISHUL Building" Opp. Samarthershwar Temple Law Garden, Ahmedabad – 380006 Gujarat, India Tel: +91 -79-66174182 Fax: +91 -79- 66147127 Contact Person : Gitang Dave Email : <a href="mailto:gitang.dave@axisbank.com">gitang.dave@axisbank.com</a> Website: www.axisbank.com

M/s Loonia & Associates, Chartered Accountants of our Company also holds a valid Peer Reviewed Certificate No. 5513 Dated 14<sup>th</sup> December, 2011 issued by the Chartered Accountants of India Statement of inter se allocation of responsibilities.

Since **Firstcall India Equity Advisors Private Limited** is the sole Lead Manager to this Issue, a statement of inter se allocation responsibilities among Lead Manager's is not required.

### **Self Certified Syndicate Banks ("SCSBs")**

The list of Designated Branches that have been notified by SEBI to act as SCSB for the ASBA process is provided on <http://www.sebi.gov.in/pmd/scsb.html>. For more information on the Designated Branches collecting ASBA Forms, see the above mentioned SEBI link.

### **Credit Rating**

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

### **Trustees**

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

### **Ipo Grading**

Since the Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading agency.

### **Brokers To The Issue**

All members of the recognized stock exchanges would be eligible to act as Brokers to the Issue.

## **Appraisal And Monitoring Agency**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the Issue size is below ₹ 500.00 Crore. Since the Issue size is only of ₹ 505.44.00 lacs, our Company has not appointed any monitoring agency for this Issue. However, as per the Clause 52 of the SME Listing Agreement to be entered into with BSE upon listing of the equity shares and the corporate governance requirements, the audit committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

## **Details Of The Appraising Authority**

The objects of the Issue and deployment of funds are not appraised by any independent agency/ bank/ financial institution.

## **Expert**

Except for the "Statement of Possible Tax Benefits" report Dated 9<sup>th</sup> July, 2012 from the Statutory Auditor; our Company has not obtained any expert opinions.

## **Debenture Trustee**

Since this is not a debenture issue, appointment of debenture trustee is not required.

## **Underwriting**

This issue is 100% Underwritten. The Underwriting agreement is dated 28<sup>th</sup> July, 2012 Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this issue:

<b>Details of Underwriter to the Issue</b>	<b>No. of shares Underwritten</b>	<b>Amount Underwritten (₹ in Lacs)</b>	<b>% of the Total Issue Size Underwritten</b>
Firstcall India Equity Advisors Pvt. Ltd	<u>3,00,000</u>	<u>81.00</u>	<u>16.03%</u>
Oswal Shares And Securities Limited as Market Maker	<u>3,12,000</u>	<u>84.24</u>	<u>16.67%</u>
Oswal Shares And Securities Limited	<u>12,60,000</u>	<u>340.20</u>	<u>67.30%</u>
Total	<u>18,72,000</u>	<u>505.44</u>	<u>100%</u>

As per Regulation 106 P (2) of SEBI (ICDR) Regulations, 2009, the Lead Manager has to underwrite to a minimum extent of 15 % of the Issue out of its own account. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are several and are subject to certain conditions, as specified therein.

In the opinion of the Board of Directors, the resources of the Underwriter are sufficient to enable them to discharge their underwriting obligations in full.

The Underwriter shall be responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the Underwriter in addition to other obligations in the Underwriting Agreement will also be required to procure / subscribe to the extent of the defaulted amount.

## **Market Maker**

As per Regulation 106 V (1) of SEBI (ICDR) Regulations, 2009, the LM shall ensure compulsory market making through the Stock Brokers of SME Exchange in the manner specified by the Board for a period of three years from the date of listing.

Our Company, Lead Manager, and (Market Maker) **Oswal Shares And Securities Limited**, have entered into an agreement dated 28<sup>th</sup> July, 2012 whereby Oswal Shares And Securities Limited, registered with BSE as a Market Maker will act as the sole Market Maker to fulfil the applicable obligations of Market Making. The particulars in respect of the Market Maker are furnished below:-

<b>NAME</b>	<b>Oswal Shares And Securities Limited</b>
<b>ADDRESS</b>	605, Sakar-1, Opp. Nehrubridge , Ashram Road, Ahmedabad-380 009.
<b>TEL.NO.</b>	+91-79-40082040-47
<b>FAX</b>	+91-79-30082048
<b>WEBSITE</b>	<a href="http://www.oswalshares.com">www.oswalshares.com</a>
<b>E-MAIL</b>	<a href="mailto:kalpesh@oswalshares.com">kalpesh@oswalshares.com</a>
<b>CONTACT PERSON</b>	JHAVERILAL OSWAL
<b>SEBI REGISTRATION NO.</b>	INB011063139
<b>Market Maker Registration No. ( SME Segment of BSE)</b>	SMEMM0305830032012

The Market Maker shall fulfil the applicable obligations and conditions as specified in SEBI (ICDR) Regulations, 2009 and its amendments from time to time and the circulars issued by BSE and SEBI regarding market making from time to time.

Following is the summary of the major details pertaining to the Market Making Arrangement

1. The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.
2. The minimum depth of the quote shall be Rs. 1,00,000/- However, the Investors with holdings of value less than Rs. 1,00,000/- shall be allowed to offer their holding to the Market Maker in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
3. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
4. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
5. Once registered as a Market Maker, he has to start providing quotes from the day of the listing / the day when designated as the Market Maker for the respective scrip and shall be subject to the guidelines laid down for market making by the exchange.
6. Once registered as a Market Maker, he has to act in that capacity for a period as mutually decided between the Merchant Banker and the market maker.
7. The Market Maker(s) shall have the right to terminate said arrangement by giving a six months notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations, 2009. Further the company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particulars point of time.

The Market Making Agreement is available for inspection at our Registered Office from 11.00 a.m. to 5.00 p.m. on working days.

## CAPITAL STRUCTURE

Capital Structure of the Company as at the date of this Draft Prospectus, before and after the Issue, is set forth below.

(₹ in Lacs, except share data )

	Particulars	Aggregate Nominal value	Aggregate Value at Issue Price
<b>A</b>	<b>Authorised Share Capital</b>		
	10,000,000 Equity Shares of face value of ₹ 10/- each	1000.00	-
<b>B</b>	<b>Issued, Subscribed &amp; Paid-up Share Capital before the Issue</b>		
	43,62,780 Equity Shares of face value of ₹10/- each	436.28	-
<b>C</b>	<b>Present Issue in terms of this Draft Prospectus*</b> <b>18,72,000 Equity Shares of ₹ 10/- each at a premium of ₹ 17/- per Equity Share</b>	187.20	505.44
	Which Comprises		
<b>(i)</b>	3,12,000 Equity Shares of ₹10/- each at a premium of ₹17/- per Equity Share reserved as Market Maker Portion.		
<b>(ii)</b>	Net Issue to Public of 15,60,000 Equity Shares of ₹10/- each at a premium of ₹ 17/- per Equity Share to the Public.		
	Of Which		
	7,80,000 Equity Shares of ₹10/- each at a premium of ₹ 17/- per Equity share will be available for allocation for investors of upto ₹ 2.00 Lacs		
	7,80,000 Equity Shares of ₹10/- each at a premium of ₹ 17/- per Equity share will be available for allocation for investors of above ₹ 2.00 Lacs		
<b>D</b>	<b>Post Issue Issued Subscribed &amp; Paid-up Share Capital</b>		-
<b>E</b>	<b>Share Premium Account</b>		
	Before the issue	732.66	
	After the issue		1050.90

### All equity shares are fully paid up.

\*The present Issue of 18,72,000 Equity Shares in terms of this Draft Prospectus as been authorized pursuant to a resolution of our Board of Directors dated **30<sup>th</sup> April, 2012** and by a Special Resolution passed under Section 81 (1A) of the Companies Act, 1956 at the Extra-Ordinary General Meeting held of the Members held on **4<sup>th</sup> June , 2012.**

## Classes Of Shares

The Company has only one class of share capital i.e. Equity Shares of ₹10/-each only.

## **Notes to the Capital Structure**

### **1. Share Capital History**

#### **a) Changes in the Authorized Share Capital of the Company**

(₹ In Lacs)

Sr. No	Date and Type of Shareholders Meeting approving the change	Nature of Change	Increase (No. of shares)	Cumulative No. of Equity Shares	Face Value (₹)	Cumulative Authorized Share Capital (₹)
1	On Incorporation	-	-	1,00,000	10	10,00,000
2	Extra Ordinary General Meeting held on February 1, 1999	Increase	1,00,000	2,00,000	10	20,00,000
3	Extra Ordinary General Meeting held on August 12, 1999	Increase	1,00,000	3,00,000	10	30,00,000
4	Extra Ordinary General Meeting held on October 20, 2004	Increase	1,00,000	4,00,000	10	40,00,000
5	Extra Ordinary General Meeting held on May 17, 2005	Increase	1,00,000	5,00,000	10	50,00,000
6	Extra Ordinary General Meeting held on August 1, 2011	Increase	10,00,000	15,00,000	10	15,00,000
7	Extra Ordinary General Meeting held on November 30, 2011	Increase	85,00,000	10,00,000	10	100,00,000

#### **b) Equity Share Capital**

Our Company has made allotments of Equity Shares from time to time. Our Company has not made any allotment of preference shares. The following is the Equity share capital structure of our Company:

Date of Allotment of fully Paid-up Shares	Number of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of Allotment	Cumulative No. of Shares Allotted	Cumulative Paid Up Share Capital (₹)	Cumulative Share Premium (₹)
March 24, 1995	200	10	10	Cash	Subscribers to MOA	200	2,000	-
February 05, 1999	1,71,000	10	10	Cash	Allotment to Promoters, Promoter Group and others	1,71,200	17,12,000	-
March 31, 2004	78,800	10	10	Cash	Allotment to others	2,50,000	25,00,000	--
March 30, 2005	1,25,000	10	20	Cash	Allotment to Bodies Corporate	3,75,000	37,50,000	12,50,000
January 20, 2006	80,000	10	20	Cash	Allotment to Bodies Corporate	4,55,000	45,50,000	20,50,000
August 11, 2010	40,000*	10	300	Cash	Allotment to Bodies Corporate	4,95,000	49,50,000	78,50,000

<b>August 2, 2011</b>	7,66,400	10	10	Cash	Allotment to Promoters and Promoter Group	12,61,400	12,614,000	78,50,000
<b>March 24, 2012</b>	1,92,860	10	500	Cash	Allotment to Bodies Corporate	14,54,260	14,542,600	1,02,351,400
<b>March 30, 2012</b>	2908520	10	0	Bonus	Bonus Issue in the ratio of 1:2 to all eligible equity shareholders	43,62,780	43,627,800	7,32,66,200

**\*The Company had allotted partly paid up equity shares on 11.08.2010. On such allotment ₹ 5/- per Equity shares and ₹ 145/- as a Share Premium were unpaid. Due notices were given in respect of unpaid call money. Thereafter the shares were forfeited on 12.12.2011. The same were re-issued on 28.03.2012.**

**c) Shares allotted for consideration other than cash**

**The Following shares were allotted for consideration other than cash:**

<b>Date of Allotment of fully Paid-up Shares</b>	<b>Number of Equity Shares Allotted</b>	<b>Face Value (₹)</b>	<b>Issue Price (₹)</b>	<b>Nature of Allotment</b>	<b>Nature of Consideration</b>	<b>Allotted to person</b>
March 30, 2012	2908520	10	0	Bonus Issue in the ratio of 1:2	Bonus	Allotted to all the Shareholders of the Company

**Notes:**

Bonus Equity shares have been issued to all our Shareholders on March 30, 2012 by capitalizing Share Premium Account (₹ 29085200/-). The relevant provisions of the Companies Act have been complied with respect to the bonus issues.

No bonus shares have been issued out of Revaluation Reserves.

Except for what has been stated above our Company has not issued any Equity Share for consideration other than cash. Further, our Company has not allotted any Equity Shares pursuant to any scheme approved under Section 391-394 of the Companies Act, 1956.

**d) History and share Capital Build –up of our Promoters and Promoters Group**

Our Promoters and Promoters Group have been allotted Equity Shares and have entered into Purchase/Sale Transactions of the Company's Equity shares from time to time. The following is the Equity share capital build-up of our Promoter & Promoter Group:

<b>1. MR. RAVI JAGDISH BHANDARI</b>							
<b>Date of Allotment /Transfer</b>	<b>Consideration</b>	<b>No. of Equity Shares</b>	<b>Face value Per Share (₹)</b>	<b>Issue / Acquisition / Transfer price (₹)</b>	<b>Nature of Transactions</b>	<b>Preissue share holding %</b>	<b>Postissue shareholding %</b>
03.08.2007	Cash	313000	10	1.5	Acquisition by transfer	7.17	
02.08.2011	Cash	476000	10	10	Allotment	10.91	
30.03.2012	Bonus	1578000	10	0	Issued as Bonus Shares	36.17	
<b>Subtotal-(i)</b>		<b>2367000</b>	<b>10</b>			<b>54.25</b>	<b>[•]</b>

<b>2. REKHA RAVI BHANDARI</b>							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value Per Share (₹)	Issue / Acquisition / Transfer price (₹)	Nature of Transactions	Preissue shareholding %	Postissue shareholding %
03.08.2007	Cash	71000	10	1.5	Acquisition by transfer	1.63	
02.08.2011	Cash	141400	10	10	Allotment	3.24	
30.03.2012	Bonus	424800	10	0	Issued as Bonus Shares	9.74	
<b>Subtotal- (ii)</b>		<b>637200</b>	<b>10</b>			<b>14.61</b>	[•]

<b>3. RAVI BHANDARI HUF</b>							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value Per Share (₹)	Issue / Acquisition / Transfer price (₹)	Nature of Transactions	Preissue shareholding %	Postissue shareholding %
03.08.2007	Cash	71000	10	1.5	Acquisition by transfer	1.63	
02.08.2011	Cash	149000	10	10	Allotment	3.42	
30.03.2012	Bonus	440000	10	0	Issued as Bonus Shares	10.09	
<b>Subtotal- (iii)</b>		<b>660000</b>	<b>10</b>			<b>15.13</b>	[•]

<b>4. LOLIPOP FASHIONS PRIVATE LIMITED</b>							
Date of Allotment / Transfer	Consideration	No. of Equity Shares	Face value Per Share (₹)	Issue / Acquisition / Transfer price (₹)	Nature of Transactions	Preissue shareholding %	Postissue shareholding %
<b>24.03.2012</b>	Cash	192860	10	500	Allotment	4.43	
<b>30.03.2012</b>	Bonus	385720	10	0	Issued as Bonus Shares	8.84	
<b>Subtotal- (iv)</b>	<b>578580</b>	<b>578580</b>				<b>13.26</b>	[•]
<b>Total ( i+ii+iii+iv)</b>		<b>4242780</b>	<b>10</b>			<b>97.25</b>	[•]

**Notes:**

- None of the shares belonging to our promoters and promoters group have been pledged till date.
- All the promoters' shares shall be subject to lock-in from the date of listing of the equity shares issued through this Draft Prospectus for periods as applicable under Regulation 36 of the SEBI (ICDR) Regulations.

For details please refer to Note No. 2 of "Capital Structure" on page 41 of this Draft Prospectus.

e) The Shares acquired by the Promoters and Promoters group members during the last one year for price which is below the issue price including the bonus shares allotted to our Promoters and Promoter Group members are as below:

Name of the Promoter and Promoter Group member	Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of Allotment
Mr. Ravi Jagdish Bhandari	02.08.2011	476000	10	10	Allotment
	30.03.2012	1578000	10	0	Bonus
Ravi Jagdish Bhandari HUF	02.08.2011	149000	10	10	Allotment
	30.03.2012	440000	10	0	Bonus
Mrs. Rekha Ravi Bhandari	02.08.2011	141400	10	10	Allotment
	30.03.2012	424800	10	0	Bonus
Lolipop Fashions Private Limited	30.03.2012	385720	10	0	Bonus
	<b>Total</b>	<b>3594920</b>			

f) None of the members of the Promoters Group/Directors and their immediate relatives have financed the purchase by any other person of Equity shares of our Company other than in the normal course of business of the financing entity within the period of six months immediately preceding the date of this Draft Prospectus with SEBI.

## 2. Promoters Contribution and Other Lock-In details:

### a) Details of Contribution locked-in for 3 years.

Pursuant to the Regulation 32(1) and 36(a) of the SEBI Regulations, an aggregate 20% of the Post-Issue Equity Share capital of our Company shall be locked up by our Promoters for a period of three years from the date of allotment of Equity Shares in this Issue.

The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before the listing of the Equity Shares.

Our Promoters have given consent to include such number of Equity Shares held by them as may constitute 20% of the post-Issue equity share capital of our Company as Promoters' Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters' Contribution from the date of filing of the Draft Prospectus until the commencement of the lock-in period specified above.

The details of the Promoter's Equity Shares Locked-in for a period of three years are as follows:

Name of the Promoter	No. of Equity Shares Locked-in	As a % of Post Issue Share Capital
Ravi Jagdish Bhandari	[•]	20%

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from persons who are classified and defined as 'Promoters' of our Company as per the SEBI ICDR Regulations. The Equity Shares that are being locked-in are not and will not be ineligible for computation of Promoter's contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, as per Regulation 33 of the SEBI ICDR Regulations.

We confirm that the minimum Promoter contribution of 20% as shown above which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired, except the bonus shares issued, by the Promoters during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge.
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum promoters' contribution subject to lock-in.
- Equity shares issued to our promoters on conversion of partnership firms into limited companies.

The lock in period shall commence from the date of allotment of Equity Shares in the proposed public issue as per the applicable SEBI Regulations.

In terms of undertaking executed by our Promoter, Equity Shares forming part of Promoter's contribution subject to lock-in will not be disposed/ sold/ transferred by our Promoters during the period starting from the date of filing of this Draft Prospectus with SME Platform of BSE till the date of commencement of lock in period as stated in this Draft Prospectus.

## **b) Details of Shares locked-in for one year:**

- Pursuant to Regulation 37 of the SEBI Regulations, in addition to the Promoters' contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Issue issue Equity Share capital will be locked in for a period of one (1) year from the date of allotment in this Issue.
- Pursuant to Regulation 39 of the SEBI Regulations, the Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue and the pledge of shares is one of the terms of sanction of such loan. However, as on date of this Draft Prospectus, none of the Equity Shares held by our Promoter have been pledged to any person, including banks and financial institutions.
- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by the Promoters, which are locked in as per Regulation 36 of the SEBI Regulations, may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.
- Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by shareholders other than the Promoters, which are locked-in as per Regulation 37 of the SEBI Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.
- In terms of Regulation 40 of the SEBI Regulations, locked in Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.

### 3. Pre-Issue and Post Issue Shareholding of our Promoters and Promoter's Group

The Following is the Shareholding of our Promoters and Promoter's Group before and after proposed issue:

Sr. No.	Name of Shareholder	Pre -Issue		Post- Issue	
		No of Equity Shares	as a % of Issue Equity Shares	No of Equity Shares	as a % of Issue Equity Shares
<b>A</b>	<b>Promoter</b>				
1.	Ravi Jagdish Bhandari	2367000	54.25	2367000	[•]
2.	Rekha Ravi Bhandari	637200	14.61	637200	[•]
	<b>Total (A)</b>	<b>3004200</b>	<b>68.86</b>	<b>3004200</b>	<b>[•]</b>
<b>B</b>	<b>Promoter Group, Relatives and Other Associates acting in Concert</b>				
1.	Ravi Jagdish Bhandari HUF	660000	15.13	660000	[•]
2.	Lolipop Fashions Pvt. Ltd.	578580	13.26	578580	[•]
	<b>Total (B)</b>	<b>1238580</b>	<b>28.39</b>	<b>1238580</b>	<b>[•]</b>
	<b>Total (A+B)</b>	<b>4242780</b>	<b>97.25</b>	<b>4242780</b>	<b>[•]</b>

4. Neither the Company, nor its promoters, directors, nor the LM have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.

5. None of our Directors or Key managerial personnel holds Equity Shares in the Company, except as stated in the section titled "Our Management" beginning on page 97 of this Draft Prospectus.

### 6. The top ten shareholders of our Company and their Shareholding is as set forth below:

a. The top ten Shareholders of our Company as on the date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1	Ravi Jagdish Bhandari	2367000	54.25
2	Rekha Ravi Bhandari	637200	14.61
3	Ravi Bhandari HUF	660000	15.13
4	Lolipop Fashions Private Limited	578580	13.26
5	Jaskaran Surendrakumar Loonia HUF	30000	0.69
6	Lalit Nahata	30000	0.69
7	Rekha Nahata	30000	0.69
8	Vikash Maloo	30000	0.68
	<b>TOTAL</b>	<b>4362780</b>	<b>100</b>

b. The top ten Shareholders of our Company ten(10) days prior to the date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1	Ravi Jagdish Bhandari	2367000	54.25
2	Rekha Ravi Bhandari	637200	14.61
3	Ravi Bhandari HUF	660000	15.13
4	Lolipop Fashions Private Limited	578580	13.26
5	Jaskaran Surendrakumar Loonia HUF	30000	0.69
6	Lalit Nahata	30000	0.69
7	Rekha Nahata	30000	0.69
8	Vikash Maloo	30000	0.68
	<b>TOTAL</b>	<b>4362780</b>	<b>100</b>

c. The top ten Shareholders of our Company two(2) days prior to the date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1	Ravi Jagdish Bhandari	2367000	54.25
2	Rekha Ravi Bhandari	637200	14.61
3	Ravi Bhandari HUF	660000	15.13
4	Lolipop Fashions Private Limited	578580	13.26
5	Jaskaran Surendrakumar Loonia HUF	30000	0.69
6	Lalit Nahata	30000	0.69
7	Rekha Nahata	30000	0.69
8	Vikash Maloo	30000	0.68
	<b>TOTAL</b>	<b>4362780</b>	<b>100</b>

7. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.

8. In the case of over-subscription in all categories the allocation in the issue shall be as per the requirements of Regulation 43(4) of SEBI (ICDR) Regulations, 2009 and its amendments from time to time.

9. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the LM and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

10. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.

11. Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only. Also, as on the date of filing of this Draft Prospectus the entire pre-issue share capital of the Company has been made fully paid up.

12. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise.

13. We have not issued any Equity Shares out of revaluation reserves. We have not issued any Equity Shares for consideration other than cash except as stated in this Draft Prospectus.

14. As on date of filing this Draft Prospectus, there are no outstanding ESOP's, warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares, nor has the company ever allotted any equity shares pursuant to conversion of ESOP's till date.

15. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of this Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.

16. The Lead Manager and its associates do not directly or indirectly hold any shares of the Company.

17. As of the date of filing of this Draft Prospectus the total number of holders of the Equity Shares is 8(Eight).

18. Our Company has not made any public issue or rights issue since its incorporation.

## 19. Shareholding Pattern of the Company

The following is the shareholding of the Company as on Date of Filing of Draft Prospectus:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of shares held in Demat Form*	Total Shareholding as a % of Total No. of shares		Shares Pledges or otherwise encumbered	
				As a % of (A + B)	As a % of (A + B + C)	No. of shares	As a % of Total No. of shares
<b>(A) Shareholding of Promoter and Promoter Group</b>							
(1) Indian							
Individual/ Hindu Undivided Family	3	3694200	[•]	83.99	83.99	-	-
Bodies Corporate	1	578580	[•]	13.26	13.26	-	-
<b>Sub Total</b>	<b>4</b>	<b>4272780</b>	<b>[•]</b>	<b>97.25</b>	<b>97.25</b>	-	-
(2) Foreign	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter and Promoter Group</b>	<b>4</b>	<b>4272780</b>	<b>[•]</b>	<b>97.25</b>	<b>97.25</b>	-	-
<b>(B) Public Shareholding</b>							
(1) Institutions	-	-	-	-	-	-	-
(2) Non-Institutions	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-
<b>Individuals</b>							
Individuals shareholders holding nominal share capital upto ₹ 1.00 lacs	-	-	-	-	-	-	-
Individuals shareholders holding nominal share capital in excess of ₹ 1.00 lacs	4	120000	[•]	2.75	2.75	-	-
NRI's / OCB's	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
<b>Total Public Shareholding ( B )</b>	<b>4</b>						
<b>Total ( A+B )</b>	<b>8</b>	<b>4362780</b>	<b>[•]</b>				
<b>( C ) Shares held by Custodians and against which Depository receipts have been issued</b>	-	-	-	-	-	-	-
<b>Total ( A + B + C )</b>	<b>8</b>	<b>4362780</b>	<b>[•]</b>	<b>100%</b>	<b>100 %</b>	-	-

\*The Company had entered into an agreement between both depositories NSDL and CDSL and ISIN Number is INE636N01016.

## SECTION IV: PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

The Objects of the Issue are as follows:-

- To make advances of long term nature for long term supplies of inputs required in our business operations.
- To meet the Issue Expenses

In addition, our Company expects to receive the benefits from listing of equity shares on the SME Platform of BSE Limited.

The main objects clause of our Memorandum enables the Company to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum.

We intend to utilize the Issue Proceeds, after deducting public issue expenses for financing the growth of our business.

### Fund Requirements

The funds raised from this Issue shall be utilized for the following purposes:

Sr.No	Particulars	Amount ( ₹ In Lacs)
1.	To make advances of long term nature for long term supplies of inputs required in our business operations	470.00
2.	To meet Issue Expenses	35.44
	<b>Total</b>	<b>505.44</b>

### Means of Finance

Sr.No	Particulars	Amount ( ₹ In Lacs)
1.	Public Issue Proceeds	505.44

We propose to meet our expenditure towards the objects of the Issue entirely out of the proceeds of the Issue, and accordingly, no amount is proposed to be raised through any other means of finance. Accordingly, Clause VII C of Part A of Schedule VIII of the SEBI ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the Issue) does not apply.

The fund requirements and the intended use of the proceeds of this issue have been estimated internally by the company's management and have not been appraised by any bank or financial institution. We may have to revise our funding requirements and utilization schedules depending on variety of factors including but not limited to the overall economic environment, housing markets scenarios and stability, changes in strategy, financial condition and the overall management perception of risk in the market.

In case of any minor shortfall in raising the requisite amount of capital from this issue, the extent of shortfall will be met by internal accruals of the company. Likewise, in case of any excess of funds, we may use such surplus towards general corporate purposes which would be in accordance with the policies of the Board made from time to time.

In case of delay in raising the funds requirement from this issue, we may complete our expansion plans and funding requirements through unsecured loans and then, the proceeds of the issue shall be utilized to repay such unsecured loans taken.

## DETAILS OF THE UTILISATION OF ISSUE PROCEEDS

### 1. To make advances of long term nature for long term supplies of inputs required in our business operations.

We are engaged in the business activities of readymade garments consisting of Women's and Kids wear. Our module of business operations is to buy raw materials and other inputs consisting fabrics, accessories, packaging materials, etc and to get the final products by getting job works from outsiders and for the purpose of aforesaid activities as well as to enhance the level of operations, we have to provide advances to suppliers, Job work contractors, Labour contractors and other input suppliers of packaging materials, accessories, etc. The Company proposes to use sum of ₹ 470.00 lacs for the aforesaid purpose.

### 2. To Meet Issue Expenses.

The expenses for this Issue include Issue Management Fees, Underwriting Fees, Brokerage, Printing & Distribution Expenses, Legal Fees, Peer Review Audit Fees, Advertisement Expenses, Depository Charges and Listing Fees to the Stock Exchange, among others. The total expenses for this Issue are estimated to ₹ 35.44 lacs.

A broad breakup of the same is as under:

Sr. No.	Particulars	Amount (₹ in Lacs)
1	Payment to Merchant Banker including fees and re-imbursement of Market Making Fees, selling commissions, brokerages, payment to other Intermediaries such as Legal Advisors, Registrar, Peer Review Auditors, Bankers, etc and other out of pocket expenses	24.25
2	Printing and Stationery and Postage Expenses	5.00
3	Marketing and Advertisement Expenses	3.00
4	Regulatory Fees and Expenses	2.10
5	Other Expenses	1.09
	<b>Total</b>	<b>35.44</b>

## SCHEDULE OF IMPLEMENTATION

The funds raised from this Issue shall be utilized for the specified objectives prior to 31<sup>st</sup> March, 2013.

## YEAR WISE BREAK UP OF PROCEEDS TO BE USED

All funds raised through this Issue, are proposed to be utilized in the Financial Year 2012-13 itself.

## DEPLOYMENT OF FUNDS

M/s Loonia & Associates, Chartered Accountants, Ahmedabad have vide certificate dated 29<sup>th</sup> July, 2012 confirmed that as on 28<sup>th</sup> July, 2012 following funds were deployed for the proposed Objects of the Issue.

Sr.No	Particulars	Amount (₹ In Lacs)
1	Issue Expenses	2.98

## **SOURCES OF FINANCING FOR THE FUNDS DEPLOYED**

M/s Loonia & Associates, Chartered Accountants, Ahmedabad have vide certificate dated 29<sup>th</sup> July, 2012, further confirmed that funds deployed for the proposed Objects of the Issue as on 28<sup>th</sup> July, 2012 have been funded from the following.

<b>Sr.No</b>	<b>Particulars</b>	<b>Amount ( ₹ In Lacs)</b>
1.	Internal Accruals	2.98

## **INTERIM USE OF FUNDS**

We, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received by us from this Issue. The particular composition, timing and schedule of deployment of the proceeds will be determined by us based upon the development of the proposed object of the Issue. Pending utilization for the purposes described above, we may invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in working capital loan accounts and other investment grade interest bearing securities as may be approved by the Board. Such investments would be in accordance with the investment policies approved by our Board from time to time and at the prevailing commercial rates at the time of investment. No part of the Issue proceeds will be paid to our Promoters, Directors, key management personnel or Promoter Group Company/entity.

## **APPRIASAL**

The funds requirements and means of finance presented above are not appraised by Banks or Financial Institutions and are based purely on Company management estimates.

## **MONITORING OF THE UTILISATION OF FUNDS**

The management of the Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 52 of the SME Listing Agreement, our Company shall on half-yearly 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 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.

## BASIC TERMS OF THE ISSUE

The Equity Shares, now being offered, are subject to the terms and conditions of this Draft Prospectus, the Application form, the Memorandum and Articles of Association of our Company, the guidelines for listing of securities issued by the Government of India and SEBI (ICDR) Regulations, 2009, the Depositories Act, BSE, RBI, RoC and/or other authorities as in force on the date of the Issue and to the extent applicable.

In addition, the Equity Shares shall also be subject to such other conditions as may be incorporated in the Share Certificates, as per the SEBI (ICDR) Regulations, 2009 notifications and other regulations for the issue of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

The present issue has been authorized pursuant to a resolution of our Board dated 30th April, 2012 and by Special Resolution passed under Section 81(1A) of the Companies Act, 1956 at the Extra - Ordinary General Meeting of our Shareholders held on June 4, 2012.

Face Value	Each Equity Share shall have the face value of ₹ 10/- each.
Issue Price	Each Equity Share is being offered at a price of ₹ 27/- each.
Market Lot and Trading Lot	The Market lot and Trading lot for the Equity share is 4000 ( Four Thousand) and the multiple of 4000; subject to a minimum allotment of 4000 Equity Shares to the successful applicants
Terms of Payment	100% of the Issue Price of ₹ 27/- shall be payable on Application. For more details please refer to Page 168 of this Draft Prospectus of "Issue Procedure"
Ranking of the Equity shares	The Equity shares shall be subject to the Memorandum and Articles of Associations of the Company and shall rank pari-passu in all respects including dividends with the existing Equity shares of the Company

## MINIMUM SUBSCRIPTION

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten.

If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 73 of the Companies Act, 1956.

## BASIS FOR THE ISSUE PRICE

Investors should read the following summary with the Risk Factors starting from Page 11 and the details about "General Information" and its financial statements included in this Draft Prospectus on Page 36 and Page 113 respectively. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of their investments.

### Qualitative Factors

Various qualitative factors including but not limited to those mentioned below, have been considered for pricing this Issue. For Further details please refer to the section titled "Our Business Overview" beginning on Page 74 of this Draft Prospectus.

- Wide network of Exclusive Brand Outlets.
- Integrated player with low-cost out sourcing capabilities.
- Unique brand positioning.
- Experienced and efficient management
- Wide apparel range

### Quantitative Factors

Presented in this Section is derived from our Company's Restated, Consolidated Financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:-

#### 1) Adjusted Earning Per Share ( EPS) weighted

Year Ended	Weight	Basic EPS (₹)	Diluted EPS (₹ )
31 <sup>st</sup> March, 2010	1	0.35	0.35
31 <sup>st</sup> March, 2011	2	2.71	2.71
31 <sup>st</sup> March, 2012	3	1.29	1.29
<b>Weighted Average EPS</b>		<b>1.61</b>	<b>1.61</b>

Notes:

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

#### 2) Price Earning Ratio ( P/E ratio) in relation to the Issue Price of ₹ 27/- per share

Particulars	Issue Price of ₹ 27/- per share
• Based on 2011-12 EPS of ₹ 1.29	₹ 20.93
• Based on Weighted Average EPS of ₹ 1.61	₹ 16.77

3) **Return on Net Worth**

Year Ended	RONW ( %)	Weight
31 <sup>st</sup> March, 2010	3.49	1
31 <sup>st</sup> March, 2011	24.95	2
31 <sup>st</sup> March, 2012	4.04	3
<b>Weighted Average RONW</b>	<b>10.92</b>	

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

4) Minimum return on Total Net worth after issue needed to maintain pre-issue EPS for the period ended March 31, 2012 is 4.60% ( Based on the restated financial statements)

5) Net Asset Value (NAV) per share ( ₹ ) as per our Restated financial information

As on 31 <sup>st</sup> March, 2010	₹ 30.01
As on 31 <sup>st</sup> March, 2011	₹ 32.46
As on 31 <sup>st</sup> March, 2012	₹ 28.53
Issue Price	₹ 27.00
NAV Post Issue	₹ 28.07

6) Comparison with Industry Peers and Industry Average\*

Sr. No.	Name of the Company	Book Value Per Share	RONW %	Net Profit (₹in crores)	Market Price Per share
1	Sudar Garments Limited	58.1	12.5%	11.4	72/-
2	Poddar Developers Limited	95.2	1.9%	1.00	91/-
3	Trendy Knitwear Limited	9.8	-	0.1	105/-
4	Indian Terrain Fashions Ltd	63.3	141.0%	1.8	66/-

\*(Capital Market Issue Jul – 23 – Aug – 05,2012 Volume)

7) The face value of our Equity shares is ₹ 10/- and the Issue Price is ₹ 27/- i.e 2.7 times of the face value

The Issue Price of ₹ 27.00 has been determined by our Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity shares by way of Fixed Issue Price and is justified on the basis of the above factors. The BRLM believe that the Offer Price of ₹ 27.00 is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "Risk Factors" and "Financial Statements of the Company" on Page 11 and 113 respectively, to have a more informed view. The trading price of the Equity shares of the Company could decline due to the factors mentioned in "Risk Factors" and you may lose all or part of your investments.

## STATEMENT OF TAX BENEFITS

To,  
The Board of Directors,  
Anshu's Clothing Limited  
F/103, Shivalik Plaza,  
Near IIM, Atira Road,  
Vastrapur, Ahmedabad- 380015

Dear Sirs,

### **Sub:-Statement of Possible Tax Benefits**

We hereby report that the enclosed annexure states the possible tax benefits available to "Anshu's Clothing Limited" (the 'Company') and its shareholders under the provisions of the Income tax Act, 1961 and other direct tax laws presently in force. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Further, the Ministry of Finance, Government of India, on March 16, 2012, presented the Finance Bill 2012 before the Parliament for the Financial Year 2012-13. We have also included certain benefits which could be available to the Company or its shareholder if the Finance Bill 2012 is enacted (with or without modifications).

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

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

The contents of the annexure are based on information, explanation and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. 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. The views are exclusively for the use of Anshu's Clothing Limited. We shall not be liable to Anshu's Clothing Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

**For Loonia & Associates**  
**Chartered Accountants**

**Hitesh Loonia**  
**Proprietor**  
**M No. 135424**  
**Firm Reg.No. : 130883W**

**Place: Ahmedabad**  
**Date: 9<sup>th</sup> July, 2012**

**STATEMENT OF POSSIBLE TAX BENEFITS UNDER THE INCOME TAX ACT, 1961 ("THE ACT") AVAILABLE TO ANSHU'S CLOTHING LIMITED ( "THE COMPANY") AND ITS SHAREHOLDERS**

**TAX BENEFIT FOR THE COMPANY**

**I. SPECIAL TAX BENEFIT TO THE COMPANY**

Nil

**II. GENERAL TAX BENEFITS TO THE COMPANY ( UNDER INCOME TAX ACT, 1961)**

- a) Under section 10(34) of the Act, income by way of dividends referred to in section 115-O received on shares of any domestic company is exempt from tax.
- b) Capital Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess). However, as per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund on or after October 1, 2004, where the transaction of sale is subject to STT, for transactions on a Recognised Stock Exchange, is chargeable to tax at a rate of 15 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess).
- c) Under Section 10(38) of the Act, any long term capital gains arising out of sale of an equity shares or units of an equity oriented fund on or after October 1, 2004, are exempt from tax provided that the transaction of sale of such shares or units is chargeable to Securities Transaction Tax ('STT'), for transactions on a Recognised Stock Exchange. However, such income is required to be taken into account in computing the book profits under Section 115JB of the Act.
- d) Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:
  - i) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
  - ii) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bear to the whole of the capital gains. The cost of the long term specified assets, which has been considered under this section for calculating capital gains, shall not be allowed as a deduction from the income -tax under section 80C of the Act.
- e) In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
- f) In accordance with section 32(1)(ii), the company can claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned by it and used for the purpose of its business. In case of any new plant and machinery (other than ships and aircraft) that will be acquired and installed by the company engaged in the business of manufacture or production of any article or thing, the company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.

- g) Income received in respect of the units of mutual fund specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the company, under section 10(35) of the I.T. Act
- h) In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:
 

20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or

10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.
- i) The amount of tax paid under section 115JB by the company for any assessment year beginning on or after April 1, 2006 will be available as credit for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of section 115JAA of the Act.
- j) Under section 32(2) of the Act, the unabsorbed depreciation arising due to absence/ insufficiency of profits or gains chargeable to tax can be carried forward. The amount is allowed to be carried forward and set off for the succeeding years until the amount is exhausted without any time limit.
- k) Under section 35D of the Act, the deduction, subject to prescribed limits, will be available in respect of the specified preliminary expenditure incurred by the Company in the said section, including expenditure in connection with the present issue, such as underwriting commission, brokerage and other expenses, as specified in the said section, by way of amortization over a period of five years.
- l) Under Section 36(1)(iii) of the Act, deduction for any sum paid on account of the interest in respect of capital borrowed for the purposes of the business or profession. As per proviso of Section 36(1)(iii), deduction of interest paid is not allowed on capital borrowed for acquisition of an asset for extension of existing business till the time such asset was first put to use of which interest would be capitalized and form part of the 'actual cost' for the purpose of claiming depreciation under Section 32 as mentioned above.
- m) Under Section 36(1)(vii) of the Act, deduction for any bad debt or written off as irrecoverable in the accounts of the Company
- n) Under section 36 (1) (xv) of the Act, the Securities Transaction Tax paid by the Company in respect of the transactions, the income whereof is chargeable as Business Income, will be allowable as deduction against such income.
 

For Financial Year 2012-13, the Finance Bill 2012 has proposed to reduce the STT rate from the existing 0.125 per cent to 0.1 per cent. The proposed amendment in the rates of STT is subject to enactment (with or without modification) and will be effective from July 1, 2012.
- o) In computing capital gains, as per Section 74 of the Act, brought forward short-term capital loss from previous years is allowed to be set-off against short-term as well as long-term capital gain of the subsequent years. Brought forward long term capital loss is allowed to be set-off only against long-term capital gains of the subsequent years. Capital loss can be carried forward for set-off for eight years immediately succeeding the year in which the loss was first computed.

### III. TAX ON DISTRIBUTION OF PROFIT (Sec 115-O)

- Tax on distributed profits of domestic companies.

Any amount declared, distributed or paid by company by way of dividend shall be charged to additional income tax at the rate of 15% plus applicable surcharge and education cess.

#### IV. TAX RATES

- The tax rate is 30%. The surcharge on Income Tax is 5% if the taxable income exceeds ₹100.00 lacs, Education Cess is 3%

#### TAX BENEFIT FOR SHAREHOLDERS

##### I. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY

Nil

##### II. GENERAL TAX BENEFITS TO THE RESIDENT SHAREHOLDERS OF THE COMPANY

- Under section 10(34) of the Act, income by way of dividends referred to in section 115-O received on shares of any domestic company is exempt from tax.
- Capital Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess). However, as per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund on or after October 1, 2004, where the transaction of sale is subject to STT, for transactions on a Recognised Stock Exchange, is chargeable to tax at a rate of 15 percent (to be increased by applicable surcharge, education cess and secondary and higher education cess).
- Shares of the Company held as capital asset for a period of more than twelve months preceding twelve months preceding the date of transfer will be treated as a long term capital asset.
- Under Section 10(38) of the Act, any long term capital gains arising out of sale of an equity shares or units of an equity oriented fund on or after October 1, 2004, are exempt from tax provided that the transaction of sale of such shares or units is chargeable to Securities Transaction Tax ('STT'), for transactions on a Recognised Stock Exchange. However, such income is required to be taken into account in computing the book profits under Section 115JB of the Act.
- Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:
  - National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
  - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bear to the whole of the capital gains. The cost of the long term specified assets, which has been considered under this section for calculating capital gains, shall not be allowed as a deduction from the income -tax under section 80C of the Act.
- As per the provisions of section 71, if there is a loss under the head " Capital Gain", it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against any long term capital gain. But long term capital loss cannot be set-off against short term capital gain.
- In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of :

20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost.

**Or**

10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.

- h) In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess" ) and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
- i) Under section 54F of the Act, subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under section 10(38) of the Act) arising to an individual or a Hindu Undivided Family on transfer of shares of the Company will be exempt from capital gains tax, if the net consideration from transfer of such shares are used for 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 such transfer.
- j) However in the case of an individual or a Hindu Undivided Family, being resident, where the total income as reduced by such short term capital gains is below the maximum amount which is not chargeable to income tax then, such short term capital gains shall be reduced by the amount by which total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the tax on the balance of such short term capital gains shall be computed at the rate of ten percent. Where the gross total income of an assessee includes any short term capital gains referred herein above then the deduction under chapter VI – A of the Act shall be allowed from the gross total income as reduced by such capital gains.
- k) Under section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid in respect of taxable securities transactions offered to tax as business income shall be allowable as a deduction against such income.

Financial Year 2012-13. The Finance Bill 2012 has proposed to reduce the STT rate from the existing 0.125 per cent to 0.1 per cent. The proposed amendment in the rates of STT is subject to enactment (with or without modification) and will be effective from 1 July 2012.

- l) In computing business income, Section 72 of the Act provides that the business loss of the assessee is carried forward to the following year to be set off against the profits and gains of business and profession and the balance is allowed to be carried forward for next 8 years subject to the provisions of the Act. Unabsorbed depreciation, if any, for any year can be carried forward and set off against any source of income of subsequent years as per section 32 of the Act.
- m) In computing capital gains, as per Section 74 of the Act, brought forward short-term capital loss from previous years is allowed to be set-off against short-term as well as long-term capital gain of the subsequent years. Brought forward long term capital loss is allowed to be set-off only against long-term capital gains of the subsequent years. Capital loss can be carried forward for set-off for eight years immediately succeeding the year in which the loss was first computed.

### **III. GENERAL TAX BENEFIT TO THE NON-RESIDENTS SHAREHOLDERS OF THE COMPANY**

- a) In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
- b) In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

- c) In accordance with section 48, capital gains arising out of transfer of capital asset being shares in the company, and such transaction is not chargeable to securities transaction tax, shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.
- d) In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be at the rate of 20% (plus applicable surcharge and additional surcharge called as "Education Cess").
- e) In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
- f) In accordance with section 54ED, capital gain arising on the transfer of a long-term capital asset being listed securities on which securities transaction tax is not payable, shall be exempt from tax provided the whole of the capital gain is invested within a period of six months in equity shares forming part of an eligible issue of capital.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified equity shares are sold or otherwise transferred within a period of one year from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified equity shares are transferred.

The cost of the specified equity shares will not be eligible for deduction under section 80C.

- g) Under Section 36(1)(xv) of the Act, the amount of Securities Transaction Tax ('STT'), for transactions on a Recognized Stock Exchange, paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" is allowable as a deduction against such Business Income. Further, the Ministry of Finance, Government of India, on March 16, 2012, presented the Finance Bill 2012 before the Parliament and for the Financial Year 2012-13, the Finance Bill 2012 has proposed to reduce the STT rate from the existing 0.125 percent to 0.1 per cent. The proposed amendment in the rates of STT is subject to enactment (with or without modification) and will be effective from July 1, 2012.
- h) Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:
  - National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
  - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gains. The cost of the long term

specified assets, which has been considered under this section for calculating capital gains, shall not be allowed as a deduction from the income-tax under section 80C of the Act.

- i) Under section 54F of the Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under section 10(38) of the Act) arising to an individual or a Hindu Undivided Family on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 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 3 years after the date of such transfer.
- j) As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the non-resident shareholder would prevail over the provisions of the Act to the extent they are more beneficial to the non-resident shareholder.
- k) Taxation of income from investment and long term capital gains (other than those exempt under section 10(38) of the Act).
- i) A non-resident Indian i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the specific provisions contained in Chapter XII-A of the Act, i.e. "Special provisions relating to certain income of non-residents".
- ii) As per the provisions of section 115E of the Act, where shares in the company are subscribed for in convertible foreign exchange by a non- resident Indian, capital gains arising on transfer of shares held for the period exceeding 12 months shall be concessionally taxed at a flat rate of 10% (plus applicable education cess) without indexation benefit but with protection against foreign currency fluctuation under the first proviso to section 48 of the Act.
- iii) In accordance with section 115F, subject to the conditions and to the extent specified therein, long -term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer in any specified asset.
- iv) Under section 115-G of the Act, it shall not be necessary for a non resident Indian to furnish his return of income if his only source of income, liable to tax in India, is investment income or long term capital gains or both arising out of assets acquired, purchased with or subscribed to in convertible foreign exchange and tax deductible at source has been deducted there from.
- v) In accordance with section 115-I, where a Non-Resident India opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the Company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.

#### **IV. GENERAL TAX BENEFIT TO FOREIGN INSTITUTIONAL INVESTORS ( FIIs)**

- a) In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
- b) In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.
- c) Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gains is invested within six months after the date of such transfer in the bonds (long term specified assets) issued by:

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

If only part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gains. The cost of the long term specified assets, which has been considered under this section for calculating capital gains, shall not be allowed as a deduction from the income -tax under section 80C of the Act.
- d) As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the Act to the extent they are more beneficial to the FII.
- e) As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the section 10(38) of the Act at the following rates:

Long-Term Capital Gain 10%

Short-Term Capital Gain (Referred to Section 111A) 15 %

Short-Term Capital Gain (other than under section 111A) 30%

The above tax rates have to be increased by the applicable surcharge, education cess, and secondary and higher education cess.
- f) As per sub-section (2) of section 196D, no tax is to be deducted by the payer in respect of any income, by way of capital gains arising from the transfer of securities payable to FII's. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile.

## **V. GENERAL TAX BENEFIT TO VENTURE CAPITAL COMPANIES / FUNDS**

Under Section 10(23FB) of the Income Tax Act, 1961, any income of Venture Capital company / funds (setup to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. However, under Section 115U of the Income Tax Act, 1961, any income derived by a person from his investment in venture capital companies / funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

Further, the Ministry of Finance, Government of India, on March 16, 2012, presented the Finance Bill 2012 before the Parliament for the Financial Year 2012-13. The Finance Bill 2012 has proposed to the following amend Section 10(23FB) and Section 115U of the Act:

- There will be no sectoral restrictions;
- The income accruing to VCC / VCF will be taxable in the hands of the investors on accrual basis;
- The income paid by VCC / VCF will be liable to Tax Deduction at Source / Dividend Distribution Tax as the case may be; and

The proposed amendment subject to enactment (with or without modification) and will be effective from 1 April 2012.

In the case of Foreign Venture Capital Companies / Funds who are non-residents, as per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident. Thus, the applicable Tax Treaty provisions also need to be examined and factored for final and more favorable implications.

## VI. GENERAL BENEFITS TO THE MUTUAL FUNDS

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 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India, would be exempt from Income-tax subject to the conditions as the Central Government may notify. However, the mutual funds are liable to pay tax on income distributed to unit holders of non-equity oriented mutual funds under Section 115R of the Act.

### 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, these are not liable to wealth-tax.

#### NOTES:

- (i) In the above statement only basic tax rates have been enumerated and the same is subject to surcharge and education cess, wherever applicable.
- (ii) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
- (iii) The tax benefits listed above are not exhaustive.
- (iv) All the above benefits are as per the current tax laws , legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above.
- (v) Several of these benefits are dependent on the company and its shareholders fulfilling the conditions prescribed under the provisions of the relevant sections under the relevant tax laws.
- (vi) This statement is only extended to provide general information to the investors and is neither designed nor intended to be a substitute for Professional Tax Advice. In view of the individual nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its investments in the shares of the Company.
- (vii) All the above tax benefits will be available only to the sole / first named holder in case the shares are held by joint holders.
- (viii) 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.
- (ix) In view of the individual nature of tax consequences, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its participation in the scheme.

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 changes from time to time. We do not assume responsibility to update the views consequent to such changes.

**For Loonia & Associates**  
**Chartered Accountants**

**Hitesh Loonia**  
**Proprietor**  
**M No. 135424**  
**Firm Reg.No. : 130883W**

**Place: Ahmedabad**  
**Date: 9<sup>th</sup> July, 2012**

## SECTION V: ABOUT THE ISSUER COMPANY

### INDUSTRY OVERVIEW

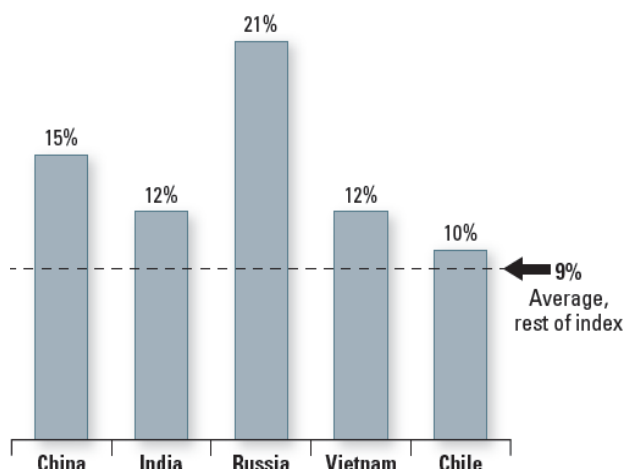
*The information in this section has been extracted from the websites of and publicly available documents from various sources. The data may have re-classified by us for the purpose of presentation. Neither we nor other person connected with the issue independently verified the information provided in the section. Industry sources and publications referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decision should not be based on such information.*

#### RETAIL SECTOR AN OVERVIEW:

Retailing has played a major role in the global economy. In developed countries, retailing is one of the most prominent industries. Since precedent 10 years the retail landscape in the developing markets has experienced hotheaded growth. The developing countries accounts for 42 percent of the global retail sales, a 7 percent rise since 2001. As mature economies stagnate, developing markets are a global retail growth engine. Throughout these years of change five countries consistently ranked in the GRDI's (Global Retail Development Index) top 10: China, India, Russia, Vietnam and Chile. The growth trajectory of the retail market in these countries consistently surpassed other developing markets, as demonstrated by the growth in retail spending per capita and retail space. Although each country is in a different stage of retail development, they all represent significant potential and will continue to draw the interest of leading retailers for years to come.

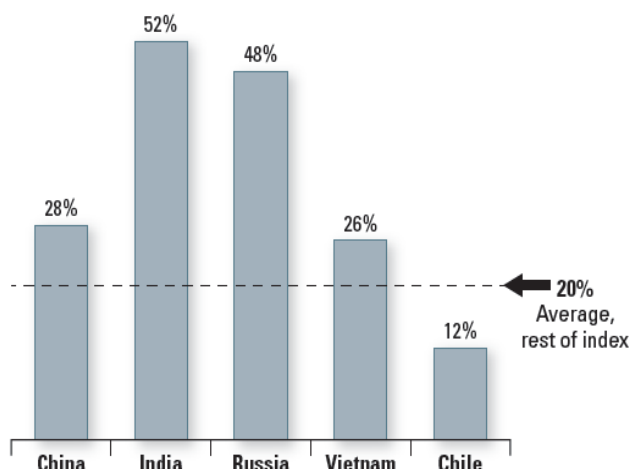
China, India, Russia, Vietnam and Chile have been the GRDI's most consistent performers

Retail spending (CAGR 2001-2010 per capita)



Note: CAGR is compound annual growth rate.

Modern grocery sales (CAGR 2002-2010 area per capita)



Source: A.T. Kearney Global Retail Development Index (GRDI), 10-year perspective, 2011

(Source:<http://www.atkearney.com/index.php/Publications/grdi-a-10-year-retrospective.html>)

## Global Apparel Retail Industry

If we take overview about the global apparel retail industry, it grew by 2.1% in FY10 to reach a value of \$1,078.2 billion. In 2014, the global apparel retail industry is forecast to have a value of \$1,222.7 billion, an increase of 13.4% since 2009.



(Source: <http://www.fibre2fashion.com/industry-article/33/3251/india-retail-apparel-research1.asp>)

## INDIAN RETAIL SECTOR

The retail sector in India has been at the helm of India's growth story. Retail business contributes around 11 percent of India's GDP. Retailing as a sector is witnessing revolution in India. Retailing in India is gradually becoming the next boom industry. The growth of India's retail sector not only limited to urban areas but also growing in rural areas. Enhancing middle and upper middle class consumer base has set vast opportunities in India's tier-II & tier-III cities. The greater availability of personal credit, improved mobility, better tourism etc all, are all small, but significant contributors to the growth of Indian retail industry. Also, more and more companies are willing to invest in India due to significant growth forecasts on gross domestic product (GDP).

In the next five years, it is expected that, India's retail industry will expand more than 80%. India has been ranked as the top retail destination globally for retail investment attractiveness among 30 emerging markets in the world. The Indian retail sector is the second largest untapped market after China. Higher disposable income coupled with favorable demographic changes (Increase in working women population, rise in nuclear family, largest young population and higher growth in urban and sub-urban population), changes in consumer needs, attitudes and behavior, and increased credit friendliness are some of the key growth drivers for modern retail in India.

The Indian retail market has been ranked amongst top 4 markets for investment in retail sector by A T Kearney's Global Retail Development Index (GRDI):

2011 Rank	Country	Region	Market Attractiveness (25%)	Country Risk (25%)	Market Saturation (25%)	Time Pressure (25%)	GRDI Score
1	Brazil	Latin America	100.00	79.4	42.9	63.9	71.5
2	Uruguay	Latin America	85.0	73.8	63.6	39.6	65.5
3	Chile	Latin America	84.3	100.0	30.3	44.3	64.7

4	India	Asia	28.9	59.9	63.1	1000.0	63.0
5	Kuwait	Mena	80.4	80.6	57.3	27.1	61.3
6	China	Asia	49.5	76.5	31.0	87.7	61.2
7	Saudi Arabia	Mena	70.9	80.7	50.6	35.7	59.5
8	Peru	Latin America	39.8	61.5	72.0	59.5	58.2
9	United Arabs Emirates	Mena	87.6	88.9	12.6	42.9	58.0
10	Turkey	Mena	83.8	65.5	45.0	37.0	57.8

(Source: A.T. Kearney Global Retail Development Index 2011

<http://www.atkearney.com/index.php/Publications/grdi-a-10-year-retrospective.html>

<http://www.fibre2fashion.com/industry-article/33/3251/india-retail-apparel-research1.asp>

## INDIAN APPAREL MARKET

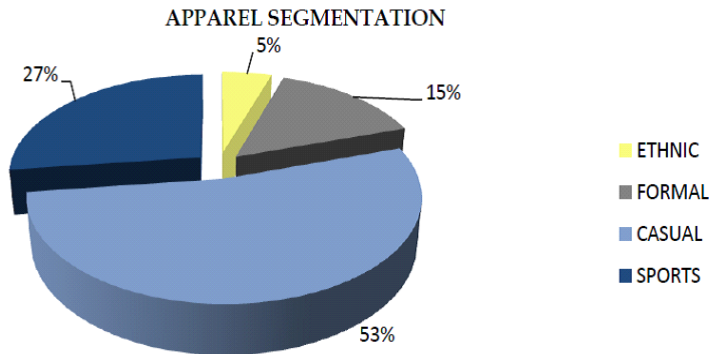
The Indian apparel retail industry had total revenue of \$28,102.6 million in FY10, representing a compound annual growth rate (CAGR) of 9.9% for the period spanning 2005-2009. India's Apparel industry (domestic + exports) is expected to grow from the current \$ 70 billion to \$ 220 billion by 2020. The Indian domestic Apparel market size in FY10 was \$ 47 billion and is expected to grow at 11% CAGR to reach \$ 140 billion by 2020. India's exports have also recovered in FY10 following increased global demand and is currently worth \$ 23.5 billion.

### APPARELS CONTRIBUTION TO INDIA'S GDP



(Source:<http://www.fibre2fashion.com/industry-article/33/3251/india-retail-apparel-research1.asp>)

## MARKET SEGMENTATION



(Source: <http://www.fibre2fashion.com/industry-article/33/3251/india-retail-apparel-research1.asp>)

Apparel's are segmented into Ethnic, Formal, Casual and Sports. Casual apparels dominate the segmentation with major share of 53% followed by sports with share of 27% due to youth population being the major demographic of India's population. Most of the apparel brands try to attract youth by using star-power such as Hrithik Roshan (Provogue), MS Dhoni (Big Bazar) etc.

### ABOVE SEGMENTS ARE FURTHER SUB-DIVIDED INTO

MENS WEAR

WOMENS WEAR

KIDS WEAR

Various segments of Apparel Industry at a Glance

### **MENSWEAR**

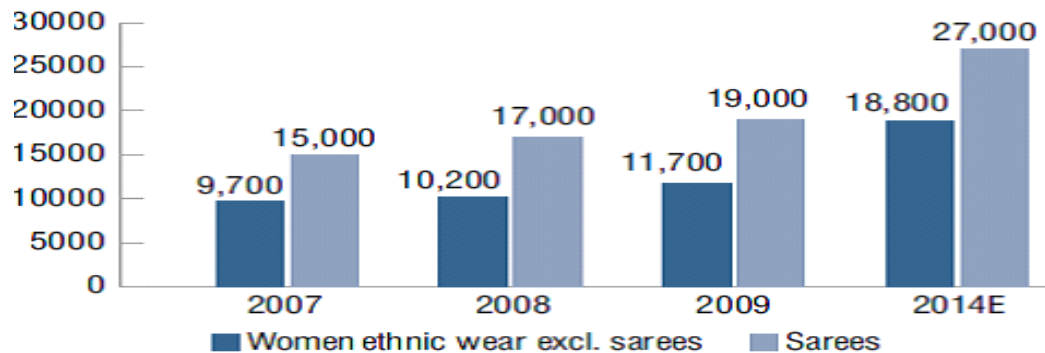
Menswear consist of trousers, shirts, jeans, t-shirts, coats etc. The India menswear market had total revenue of of \$ 11.8 billion in 2009, representing a compounded annual growth rate (CAGR) of 8.6% for the period spanning 2005-2009.

### **WOMENS**

Much has been said about the advent of Western culture and its impact on Indian Clothing. The Western style of dressing has made a remarkable impact on the Indian fashion industry. Although Western wear like jeans, tops and evening dresses have become favourites amongst the young generation, 'Indian wear' has remarkably stood its ground all this time through sheer popularity and by successfully contemporising itself. There has been an emerging trend of customising Indian wear by going back to basics and yet making it look trendy and comfortable in its fit. More and more brands, retailers and designers are contemporising Indian wear to suit current requirements.

Exhibit 8:

## Market Share of Women's Ethnic Wear



All figures in Rs crore

Source: Technopak Analysis

The current market of sarees and ethnic wear stands at ₹ 31,000 crore and is projected to grow at 10 per cent to reach ₹ 45,000 crore in 2014. Major growth is projected in the saree segment with the revival of sarees in new and more innovative formats and with new styling, fabric and fits for salwar-kameez and dupatta. Brands are trying to create a fusion of Western and Indian patterns and designs of the traditional sarees. In this article, we chart the story of ethnic wear in India and how it is here to stay.

### Growth Drivers

Traditional ethnic wear comprises primarily sarees and salwar kameez and dupatta (SKD) and other regional attire. There are a number of factors that catalyse the growth of ethnic wear.

### Increasing workforce impacting women's Indian wear

There is a rise in the awareness and purchasing power of the middle class due to the boom in the service industry. The majority of India's female workforce still prefers to wear the traditional Indian SKD to work. The size of the organized female workforce has increased from 5 million (4 per cent) in 2001 to 7–10 million (4–6 per cent) in 2010. Therefore, the size of the market for women's Indian wear has increased and is likely to do so in the future as well.

### Food trends and the changing anatomy of Indian wear

Fast food culture, overeating, eating at odd hours has led to a change in the physical attributes of people in general. Fashion has also managed to target the so-called obese/ overweight strata where the demand is remarkable, with plus-size fashion gaining importance. The market for such brands is growing by the day.

### Personalised styles and cuts

The India wear still gives a lot of flexibility in terms of getting personalized designs, cuts and styles made. Western wear is limited to the available stock in ready to wear category. But the Indian ethnic and more specifically the salwar kameez dupatta (SKD) can be tuned to one's design sensibility and more importantly fitting.

### Traditional occasions

Indian wear is still the most preferred choice for any traditional occasions like marriages and family functions. In spite of the big influence of Western wear, a majority of women still have a large representation of ethnic wear in their wardrobe for various occasions. In fact, the willingness to spend has increased all the more with different traditional and contemporary designs being offered.

## **Current Market Scenario**

The current Indian ethnic wear market is highly unorganized with a few branded players operating primarily in metropolitan cities. The organised sector has very few players.

What is interesting to note is that most of the retailers have been able to maintain the interest of the modern Indian woman by offering modern prints, designs and fits. Like other items, sarees have also evolved. While traditional regional sarees like patola, kanjeevaram, kantha are still popular, contemporary sarees with prints, embroidery work, chiffon sarees with borders, net sarees with extensive gem work have also caught on as a reflection of the grandeur of movies. Satya Paul was amongst the first to come out with prints on sarees which are abstract, geometrical and completely in sync with print forecasts. Today, retailers like Meena Bazaar and CTC keep pace with the most important trends and have new collections every season. Some have greatly helped in popularising ethnic apparel which has been sourced from handloom clusters following traditional methods of vegetable dyeing, block printing, etc.

The changing face of SKD is perhaps the biggest success of this category through the fusion of fabrics, prints, styling and fits. Then we saw the advent of the kurti which was traditional in its look, but could be worn well with trousers. It is here to stay with the options it offers. The last 2–3 years have seen the introduction of lycra churidars which offer better fits and comfort than the traditional options. They have become tremendously popular and have revolutionised a garment which was essentially stitched into something that is picked off the counter. W has offered a merchandise mix with many interesting combinations of knit kurtas with traditional prints/ embroidery – clearly a fusion of our heritage in new fabrics.

## **Opportunities in Womens Ethnic Wear**

Going forward, there is a lot more that can be tapped in this reviving market. The very first opportunity comes from making an entry as a big branded retailer of traditional wear. Except brands like W and Biba which have a pan-India presence, no brand has been able to spread beyond its region. In the absence of any player in the mid to super premium segment, there is a lot of potential demand in this area. The opportunity lies in bringing to the forefront our centuries-old heritage and culture in the form of traditional attire. Different regions of our country have different things to offer like mirror work, chikan work, tie-and-die, phulkari prints, etc. Designers and retailers can revive the traditional work done by artisans with a touch of big prints or latest styles and cuts. These designs can be used to contemporise traditional Indian wear and repackage basic things in a modern format. The fusion of all such work can be showcased under one roof. Fusion concepts of kurtis, harem pants can be taken forward to create kurtis with knitted fabrics or chudidar/salwar with stretchable material. The Indianisation of Western wear makes it trendy and easy to handle. This appeals to youngsters and working women alike.

Another very interesting idea can be a 'marketplace concept' like Dilli Haat where artisans can be invited from all over the country to showcase their talents. While Dilli Haat is a government initiative, it has great scope as a concept for a private retailer or a mall developer who can take the initiative to get artisans together, imparting a certain design direction to their work to modernise it and then showcasing a new collection to the consumer every few months.

## **Challenges for Ethnic Wear**

In spite of the growth factors in the sector, there are a few challenges that market players need to be aware of before entering the market.

### **A good fit is important**

The body sizes of Indian women vary a lot across different age groups and regions. For example, North-eastern women are comparatively slimmer than women in north Indian states like Punjab or Haryana. A proper fit of ethnic wear is very important to suit customer requirements across segments. Feasible research on the target segment, well-trained designers and other local requirements need to be addressed.

## Competition from unorganised market

Since the organised market for Indian ethnic wear is still not very big, there is direct competition from the large unorganised sector. Most offerings come from regional stores in different localities, as they are better able to sell products to meet customers' requirements.

## No unified fashion across diverse regions

One has to be very careful of the trends prevalent in different regions. A country of India's size and diversity poses a challenge. Designers and market players must understand all these varied trends and come out with a line of desired products.

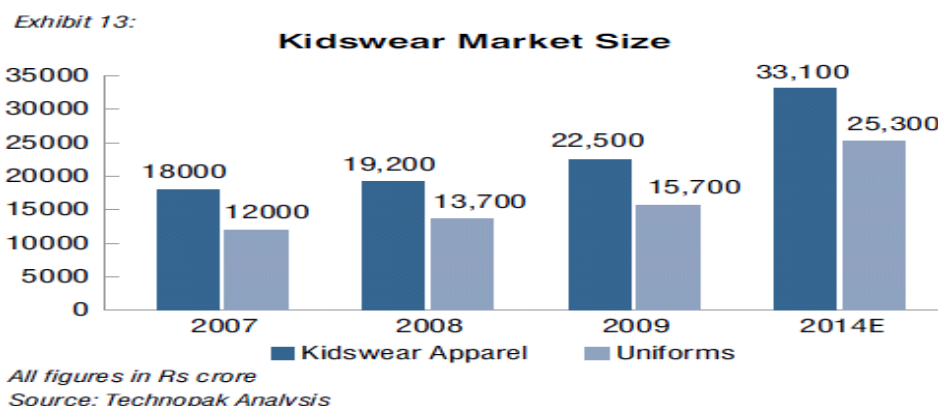
Given its flexibility, comfort and traditional appeal, Indian ethnic attire is very much in demand and the market for it poised to grow. Organised players and designers can tap into a lot of opportunities by coming out with a fusion of basic, traditional yet modern styles. Brands can revive age-old prints and traditional/ regional apparel further to meet the growing demand from both national and international clients.

## KIDS

The increasing needs and demands of children present a larger opportunity for apparel and textile players. Kidswear is one of the fastest growing categories in the domestic market. Last year the segment witnessed a growth rate of ~17 per cent making it one of the most attractive categories. Brands are realising that the children of today cannot be ignored considering their independent and adult-like purchase behaviour. They display an incomparable power of pestering parents and completely influencing the buying decision. Increased exposure to the media, growing up in double-income households, international travel and pressure from equally well-informed peers ensure that children today are highly fashion-conscious.

The children's market refers to the specific age group of children from 3–13 years. These children have an individual identity and are in a hurry to grow up. This is evident in the way they talk, how they look and what they wear. They do not spare their parents in the demands they make. Parents are also more than happy spending on their kids as they enjoy rising incomes, suffer from the 'guilt' associated with less time spent with their kids and need to 'gain acceptability' in the eyes of their fast-growing children.

The total kidswear market in India is currently valued at approximately Rs 38,000 crore. This constitutes a 25 per cent share in the total Indian apparel category. This segment, which is split into 'kidswear' and 'school uniforms' is expected to reach Rs 58,000 crore by 2014 (see exhibit 13).



Technopak offers an insight into this segment by not restricting itself only to kid's apparel, but looking at everything that comprises their needs and aspirations. The growth drivers and opportunities available have also been highlighted.

## **Growth Drivers**

Increasing needs of indulgent parents and decisive kids There is no doubt that the needs/requirements of the kids have increased manifold in the past few years, leading to the creation of segments within the segment. Parents are also more indulgent and want the best for their children, starting with all the essentials for newborns to the fussy demands of toddlers and varied needs of school-going children.

There are very few concepts which cater to this large gap in the market and are offering products from newborns upwards, for all ages, under one roof. From feeding accessories, cots, bassinets, strollers, prams and bath chairs for newborns to toys, footwear, outdoor-gear like cycles and push cars for toddlers, to concepts for young girls/boys like fancy children's toothbrush, cartoon-printed towels, bed-sheets, curtains, rugs and stationery material and even the paint on the walls—everything is on offer to lure child customers.

## **Growing brand consciousness**

Another recent phenomenon is the growing awareness of branded goods. Kids have started asking for exclusive, branded products. Brands like **Gini and Jony**, and **Catmoss** have expanded their presence exponentially in the last 2–3 years.

These brands and retailers are contributing towards niche retailing in kids clothing sales by building categories such as infant wear, kids' formal wear, kids' ethnic wear, swim wear, casual wear and pre-teen wear by stocking a wider range of merchandise and differentiating between them at the retail store level. Last year, Reebok launched the 'Reebok Juniors' concept store to tap into this segment by offering a one-stop shop for apparel, footwear, accessories and sports equipment for children in the age group 4–14 years. Similarly, Gini and Jony has the 'Freedom Fashions' stores offering licensed products of brands like Reebok and Levi's along with their own products. Lilliput is planning to launch 'Lilliput World', which will be a specialty kids' store with a greater merchandise width and depth. Keeping in mind the 'important kid shopper', departmental stores are creating an experience during shopping by having play areas and child-oriented promotional activities.

## **Kids have become influencers in decision-making**

With the rising nuclear family culture, the child's say in decision-making has increased a great deal. They display an incomparable power to pester their parents and completely influence the purchasing decision. In addition to their own needs and demands, kids are also influencing general buying decisions in the family. For instance, the choice of a sofa set for the family, colours of the wall, brand of car to be bought, curtains in the house or the furniture—they are involved in the decision-making for all these purchases. Though their inputs might not be the final word on a purchase, they are definitely able to influence decisions. Brands are increasingly including children in advertisements of products not directly targeted towards them, knowing that they will influence adult-buying behaviour.

## **Opportunities in the Kids' Space**

In light of such decision-making behavior, there are many opportunities that present themselves in this category.

## **Becoming a specialty kidswear retailer/brand**

The opportunity lies in offering the large basket of needs and aspirational products parents feel their children should have or those which children feel the need to own. Retailers and manufacturers can make this offering by stocking a wider range of merchandise and differentiating between them at the retail store level.

With a large number of international brands entering the country, the standards in design and product development have been considerably raised in this category. These international brands are abreast with the latest trends in fashion and design. Considering the innovations taking place in this industry, one cannot doubt that the industry is here to grow. Not just apparel but home textiles like curtains, bed sheets, towels, rugs, curtains and home improvement products can be customised to suit kid's tastes and preferences. Welspun and Bombay Dyeing are among the very brands that offer home products for kids and there is a large potential to create child-specific products. Additionally, products like bags, stationery and furniture hold great potential.

## **Cartoon and character licensing**

The growing trend amongst children to emulate characters in their everyday life is another important opportunity which is enabling apparel companies to take licensing of popular characters and icons to be used in their merchandise. As per the licensing update 2009, the business of license merchandising of animated characters is estimated at ₹ 360 crore in India. India has emerged as the No. 1 market in Asia-Pacific for companies like Cartoon Network in terms of viewership and, more importantly, revenues. 'Interestingly, children's licensing and merchandising market accounts for 10% of Cartoon Network's revenues i.e. approximately ₹300 crore, of which a large percentage is contributed by apparel, accessories, footwear and home textile products.'

A closer look at the international kidswear market also shows a big influence of movies on kidswear. The recent Hollywood movie Kick-Ass, the story of a teenager (fake superhero) who is inspired by a comic character, is just one such example. The very famous brand French Connection has launched an exclusive range of tees and sweats to celebrate this hotly anticipated 2010 superhero action movie. Children and teenagers get a sense of association with iconic empowering catchphrases, film logos, and original comic-book illustrations.

Themed in-store advertising and visual merchandising is another area through which brands are trying to lure the new young consumer. Apple all over the world is helping Disney stores revamp the look of their stores by creating small theme parks for children. Raymond brand Zapp has set up igloo-shaped trial rooms in its stores. Hannah Montana is another teen celebrity show that has greatly influenced children and many stores are seen to sell her merchandise or create store themes around her.

## **Branded school uniform market**

Another very lucrative and untapped area from brands and manufacturers perspective can be the concept of branded uniforms.

There are ~55 million private school-going students and another 172 million in public schools. Estimates of school student requirements in few categories include ~5 million t-shirts in a year and ~1 million sweatshirts/tracksuits. Schools like DPS and many of the new-age international schools which are opening up across the country offer huge potential for a brand which can cater to their needs for apparel and related accessories.

Technopak estimates this market to be ₹ 136 crore and this space is virtually untapped by any organized player except S. Kumar's. Internationally, there are a number of school uniform brands like Trutex, First in Class, K-12 gear, etc. Many international retailers like Marks and Spencer, JC Penney and Next have extended their brands to include these products. There lies a large potential in India to do the same.

It is clearly not an easy task to cater to the demands of this new set of consumers, who not only influence decisions for their own apparel shopping but also for adult purchases, causing bigger brands to spend relatively larger budgets on advertising for children. The key success factors in this highly competitive category lie in product differentiation, creation of a unique retail experience and innovative marketing and promotion techniques.

## **(Technopak Perspective Volume 04)**

## **OUR BUSINESS OVERVIEW**

Our Company was originally incorporated as "Black Star Products Private Limited" on March 24, 1995 under the Companies Act, 1956 with the Registrar of Companies, Gujarat ('ROC'). The name of Company was subsequently changed to "Maruti Dychem Private Limited" to diversify its new activities in the field of Dyes and Intermediates and fresh Certificate of Incorporation was obtained from ROC on February 12, 1998. Further the name of the Company was change to "Anshu's Clothing Private Limited" to give effect to the alteration in the Main Object Clause for entering into garment business. Consequent upon conversion into Public Limited Company the name of our Company was changed to "Anshu's Clothing Limited "on April 20, 2012 and a fresh certificate of incorporation was obtained from the Registrar of Companies, Gujarat , Ahmedabad on June 1, 2012.

We are operating in fastest growing and untapped market segment with immense growth opportunities. We are operating in Women's exclusive Ethnic wear , Women's casual wear and Kids wear segment. We mainly deal in the business of designing, trading ,job contract manufacturing, branding and selling of ready-made apparels under brands promoted in the name of Company and its promoters.

**"Anshu's Designer Studio"** is the brand promoted by the Company while the other brands **"Lolipop only for kiddos"** and **"Kalamkari"** are promoted by **Mrs. Rekha Ravi Bhandari** and **Ravi Bhandari HUF**. They are the present promoters of the Company.

The Company is also partner in a Partnership Firm Names M/s A.M. Energy Systems engaged in business to generate conventional and non –conventional energy, power, etc. The Company had entered into the partnership firm vide Dated 19<sup>th</sup> December, 2011

Our Company was set up in 1995 at Ahmedabad and has grown over years as and distributor of branded ready to wear garments in Women's Ethnic Wear and Kids Wear.

The Company launched the brand **Anshu's Designer Studio** which was incepted on 27th August, 2005 is one of the leading fashion house and designer boutiques in Ahmedabad offering Indian ethnic wear, Indian wedding saris, wedding bridal saris, evening wear, party wear, Indian designer wear. Our exclusive collection includes Designer Sarees, designer Salwar Kameez, Bridal Collection as Bridal Sarees and Bridal Lehnga, partywear lehenga, party wear sarees etc. Designers put their talent and efforts to give clients most desired exclusive designs that can be found only at Anshu's Designer Studio. The products of Anshu's Designer Studio are most sought after and most favorite among the crème clientele of city.

The huge success in ethnic women wear prompted the Company to explore more arenas and finally Anshu's came up with Kids wear brand **"LOLIPOP"** all across India. **LOLIPOP** Kids wear are exclusively designed for children after a lot of market research , keeping in mind the comfort and style quotient for today's young generation.

Further promoters are in process to launch the brand " Kalamkari " in the year 2012 which would target middle class to high class women's wear.

We operate mainly through Exclusive Brand outlets (EBOs) for trading of readymade garments. We have chosen this model to concentrate more on the quality and other measure to be taken and be relieved and independent of external marketing pressures attributable to the national chain stores, multi brand outlets and other intermediaries.

We operate under three business models (a) Company Owned Company Operated , (b) Company Owned Franchisee Operated and (c) Franchisee Owned and Franchisee Operated. As on the date of filing prospectus "Lolipop" is sold through 41 exclusive brand outlets and the *"Anshu's Designer Studio"* brand is sold through 16 exclusive brand outlets. As on date company has not not opened any store for "Kalamkari" but agreement has been executed to open two stores in Ahmedabad and Surat.

We have been developing a distinct brand and marketing strategy for our brands. We advertise in print and broadcast media, as well as market directly to consumers through billboards, event sponsorships, celebrity sponsorships, special event advertisements and advertisements in selected periodicals.

### **Competitive Strengths**

We believe that we are well positioned to capture considerable growth opportunities in India's apparel manufacturing and retail sectors, because of our following key strengths:

#### ***Exclusive Brand Outlets***

The majority of apparel manufacturers cum retailers in India operate through a combination of retailing through exclusive outlets. We operate on a model of marketing our apparels directly through a chain of exclusive brand outlets and thus are independent of external marketing pressures attributable to the national chain stores, multi brand outlets and other intermediaries. This enables us to focus our strategies and efforts towards quality maintenance and customer satisfaction without the interference of any external agency. This model also enhances the brand equity and recall value of Company and promoter brands "Anshu's Designer Studio" "Lolipop" and "Kalamkari" and also allows us to undertake line extensions, as the shelf space on each of the exclusive brand outlets is controlled by us.

#### **Wide network of Exclusive Brand Outlets.**

We have an extensive network of exclusive brand outlets for our brands "Anshu's Designer Studio" and "Lolipop", which are spread across all over India. As on the date of filing prospectus "Lolipop" is sold through 41 exclusive brand outlets and the "Anshu's Designer Studio" brand is sold through 16 exclusive brand outlets. We have an established network in parts of India and are rapidly consolidating our network all over India. We have plans to book various locations to open our exclusive brand outlets. The wide coverage of our exclusive brand outlets from metros to tier II towns and through the various regions in India, will allow us the flexibility to hedge against fashion changes given the general time lag in fashion trends between different cities.

#### **Integrated player with low-cost out sourcing capabilities.**

We are an integrated player across the entire value chain of trading and retailing and one of our major strengths is using outsourcing facilities and rigid quality controls. We out source our raw materials through intermediaries (who procure raw materials from various Markets ) We also employ extensive logistics and supply chain management systems to maintain maximum flexibility, which enables us to meet our needs in an efficient manner without relying on any one vendor, factory or country. Our sourcing team closely monitors our suppliers and provides strict quality assurance analysis that allows us to consistently maintain our quality for our customers. Because of our out sourcing expertise, capabilities and relationships, we believe that we are well positioned to take advantage of the dynamics of the consumer and retail sector in India.

#### **Unique brand positioning.**

We position ourselves as a *High Fashion Value for Money* brand. Our "Anshu's Designer Studio" brand is positioned in the upper Class and upper middle class segment, offering a complete range of exclusive women's Ethnic wear targeting the Indian Women. Our "Lolipop" brand is an exclusive kids wear brand for kiddos in the age group of 2 to 12 years and our brand "Kalamkari" is targeting middle class to high class women's wear. We believe in providing our customers value for their money and position our apparels at a reasonable price with a focus on volume sales. We believe that fashion and style statements are not restricted to high income segment and there is an untapped market in the middle income segment which is our brands conscious and aspirational in nature. We believe that we are targeting one of the fastest growing segments, having an increasing level of disposable income.

## **Design and merchandising expertise, with a pulse on fashion.**

We have a team of designers and merchandisers who are supported by a sufficient staff, including assistant designers and technical designers. We have specialized design teams for each of our apparel categories, ensuring that each of our design teams has specialized skill sets. We design our apparel range keeping in mind our target customers as well as the latest fashion trends across the world in terms of fashion, fabric, wearability, stitch, embellishments and also pricing. Our marketing and merchandising teams keep themselves abreast of the various fashion developments and mixes it with the creativity of professionally qualified designers working for us to create a distinct style statement at affordable prices.

## **Understanding the consumer**

Understanding the consumer is one of the most important skills required to be successful in this business. Our promoters have over more than a decade of experienced this field. We believe this helps us in understanding the consumer psyche and predicting future trends better.

## **Experienced and efficient management**

Our Company is managed by a team of experienced and professional managers, exclusively focused on different aspects of the apparel industry such as design, merchandising, sourcing, marketing, quality control, logistics and finance. Our promoters and management have substantial experience in apparel sector. We also have a second layer of key executives who are capable of creating and facing the challenges of growth within our Company and our sector. In our business, identification of optimal location for our outlets and managing logistics are the key growth drivers. The proactive and aggressive approach of our management team towards the above core factors has led to the growth of our company to have 41 exclusive brand outlets of "*Lolipop*" and 16 exclusive brand outlets of "*Anshu's Designer Studio*".

## **Wide apparel range**

We have in our kids wear a wide apparel ranges from shirts, non denim trousers, denims, suits, blazers, T- shirts, cargos, capris, sweaters etc. We trade and retail through our exclusive brand outlets. In our brand "*Anshu's Designer Studio*" we provider exclusive women's wear ranges from Designer Sarees, designer Salwar Kameez, Bridal Collection as Bridal Sarees and Bridal Lehnga, partywear lehenga to party wear sarees. While in our newly launched brand "*Kalamkari*" products ranges from kurti , tops, tunics, Mix & Match, Skirt , leggings and salwar. Our wide apparel portfolio allows us to cater to the diverse demands of our customers and also allows us to consolidate and establish our presence across diverse regions.

## **IT Infrastructure**

We have recently introduced a state of the art information flow system. We are currently maintaining our sale, records and store inventories on specially developed computer applications known as Ginesys. These softwares enable us to maintain mirror images of the data base at our head office and our stores across various locations. All daily transactions at either end are updated through pooling of incremental data of new transactions. This helps us to maintain complete control from the head office over all the stocks and sales on a daily basis.

## **Our Strategy**

Principal elements of our strategy are the following:

### **Increase geographic penetration by spreading the network of exclusive brand outlets.**

We will focus on maintaining and reinforcing the image of our existing exclusive brand outlets and also introduce our apparels to new geographic areas and consumer sectors that are presently less familiar with our apparels. We have opened our exclusive outlets in all the cities of India. Further, we have plans to launch Exclusive Brand Outlets under “*Kalamkari*” brand. We plan to consolidate our presence across all regions in India and also seek to increase our business with our existing customers by offering them apparels that are in line with latest fashion trends and by capitalizing on our relationships with them by offering them at affordable prices.

### **Enhancing trading and outsourcing capacities.**

We are focused on establishing and increasing our trading and outsourcing facilities as this allows us to exercise due control over both the costs of the products and we can more concentrate on the quality of the apparel being manufactured. Under the current expansion plan, we propose to increase our capacities. We believe that an increase our capacity will also help us to enhance economies of scale, and this would eventually translate to an improvement in the price competitiveness of our apparels.

### **Strengthening our current brands and introduction of more brands**

We intend to reinforce the brand value of all our existing brands through enhanced product design and sustained brand building campaign. We also intend to introduce new brands in order to cater to the various customer demands and differentiate our product offerings. We further intend to strengthen our existing brands.

### **Target the growing segments.**

We are focused on providing complete kids wear range in the middle to high fashion segment at affordable prices through “*Lolipop*”. This business strategy and brand positioning is in line with our target market, which is India focused. The Indian market is very different from mature markets with a rapidly growing population and a demographic profile with a very young population. While the “*Anshu’s Designer Studio*” brand is focused on providing exclusive women’s wear and targeting the crème clientele. The third recently launched brand “*Kalamkari*” is positioned to cater the need of women’s casual wears and concentrating on middle class and upper middle class. We are focused on a fast growing segment of branded fashion wear for the young. We also intend to continue to expand the range of our product lines, thereby capitalizing on the name recognition and popularity of our brands. We intend to continue to undertake line extensions which are within the sphere of our core competence.

### **Strengthen the competitive position and recognition of our brands.**

We intend to continue enhancing the recognition of our brands by aggressively marketing our brands to both consumers and franchises. We have made a strategic decision to focus on branded apparel and to market the same through exclusive brand outlets. As a result of this shift in our business strategy we have been developing a distinct brand and marketing strategy for our brands. We will continue to advertise in print and broadcast media, as well as market directly to consumers through billboards, event sponsorships, celebrity sponsorships, special event advertisements and advertisements in selected periodicals. In addition, we will continue to have a strong presence at trade shows and events throughout the country.

### **Further improving our cost structure.**

We believe in providing quality apparels at affordable prices. We have improved our operating margins and cost structure by consolidating various operations and reducing selling, general and administrative costs, and by actively seeking efficient sources of production, mainly through outsourcing. We intend to continue to: (a) identify efficient outsourcing operations and improved raw material sourcing; and (b) maintain and enhance a low cost infrastructure and a flexible supply chain

### **Pursuing potential strategic acquisitions to complement our existing brand portfolio.**

We believe that, over the long-term, attractive opportunities will exist to increase revenues and earnings in our core operating units with acquisitions of complementary product lines and businesses. In addition to our plans to expand our product supply capacities, we also look forward to acquiring or merging with businesses with synergetic possibilities for our designing, we may in future have manufacturing and retail operations. We intend to pursue these opportunities, in a disciplined manner, to the extent that they become available. As part of the active management of our brands, we will also continue to assess our brand portfolio and may choose to rationalize certain assets over time.

### **Exports of apparels under our brands**

Till now, we have not entered into any exports of our garments. We may enter to export arrangements and accept the opportunities if in favor of our business but at the same time we will concentrate more on our present business model of exclusive branded stores. We believe that our apparels would also have an acceptance outside India and consequently, as a part of our strategy, we intend to enter the overseas market as a possible business thrust.

### **Business Module**

Our Company designs and outsource for our various products for Women's wear and Kids wear. We outsource for various process such as cutting, body stitching, washing and ironing, finishing packaging. With our own R&D team and designers, we have endeavored to introduce new styles, fits, finishes and fabrics to its stable. In a season, the team works out for designs, out of which a few are picked up to constitute the new season collection.

### **Our Apparel Brands**

We and our Promoters and Promoter group have introduced three brands that we believe caters to different segments of the Women's wear and Kids wear. Each of our brands is uniquely positioned to cater to different consumer segments. Collectively our brands cater to various age groups with varying needs like premium casuals/party wear, semi-premium office, semi-premium Casuals etc

### **Our Brands**

## **Anshu's Designer studio**

Anshu's Designer Studio is applied and registered in the name of the Company. It focuses the women population. The products of Anshu's Designer Studio are most sought after and most favorite among the crème clientele of city. Our exclusive collection includes Designer Sarees, designer Salwar Kameez, Bridal Collection as Bridal Sarees and Bridal Lehnga, partywear lehnga, party wear sarees etc. Designers put their talent and honest efforts to give clients most desired exclusive designs that can be found only at Anshu's.



Lolipop is applied for Trademark by the promoter Mrs. Rekha Ravi Bhandari and yet not registered. With our **LOLIPOP** brand, we have targeted the kids wear segment which is the most untapped segment with very few Competitors. The clothes designed by Lolipop are the extremely beautiful collections of outfits for the kids between 2 to 12 years. Our products are of middle class range and so are in reach of higher number of consumers.

Kids apparels at Lolipop are designed after immense research by designers on latest fashion trends of kids wear. Designed by designers after thorough research on facts like colors, styles, designs which children like the most and the apparel designs more popular among children. Perfectly trendy and comfortable designer outfits that will appeal best to kids. Offered in vast variety, brands and type our kids wear list includes stunning apparels for both casual wearing as well as for occasions or parties. Beautiful collection of both girls and boys wear offered in diverse range of colors, designs, styles to give you the best wearing experience.

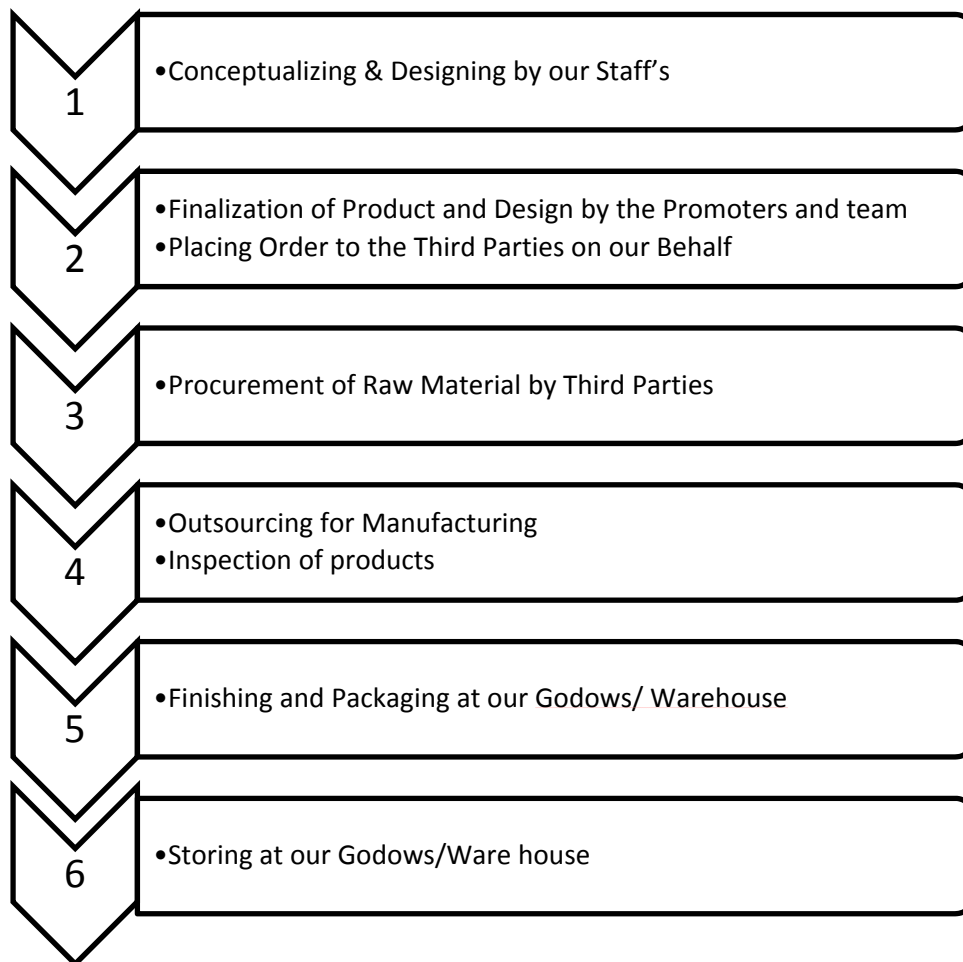


"Kalamkari" is the new launch which is been applied for trademark registration by Ravi Bhandari HUF. The Indian women apparel market has undergone a transformation over the past few years growing number of working women, changing fashion trends, rising level of information and media exposure has made this market very attractive. At "Kalamkari", we offer a exciting range of products for today's women. Our aim is to be one point a One Stop destination for all their fashion needs. We provide the products ranges from kurtis, Tunics, Top, Mix & Match, Skirts, Leggings and salwar. Our products are in affordable price range of ₹ 400/- to ₹ 4000/-.

## Our Business Process

We have set out below our business processes for: (a) procuring the finished goods; and (b) our sales operations

Our business model for procuring of apparels consists of conceptualization and designing, procuring raw material by third parties on our behalf, finalization of product and design. We outsource for manufacturing finishing and packaging and storing in warehouse. Our procuring the finished goods flow in the following manner:



## Conceptualizing and Design

Our business process flow commences with the conceptualization of the trends, range, choice of fabric, color, designing pattern, look of the product and other details. This exercise is carried out some period before the actual season commences. Considering the latest fashion trends the samples are prepared. Once the samples are approved by the designing team products for a particular season in terms of its quantities, prices, designs and other parameters is finalized.

## Procurement of Raw Materials:

This is very important stage in process. We generally rely on the outsourcers for raw material, but before finalization of the fabric we analyze the quality, quantity, durability cost etc for determining the right fabric for apparel. Fabric accounts for about 40% of our material costs and is the dominant raw material. Apart from fabric, accessories like buttons, zippers etc. also add to the list of raw materials that we have to procure to get the finished apparel.

## Outsourcing for manufacturing

We do outsource for manufacturing and hirer job workers. They stitch the apparels as instructed and desired by the Company.

### **Manufacture of Production Sample**

We direct the job workers to first produce a sample according to the specifications provided for the range of products for a particular season. The first production report is prepared on the basis of this sample. All apparent and intricate corrections are made in the sample so as to make it error free. Accordingly, a detailed production plan is devised.

### **Fabricating cutting and stitching and post stitching treatment**

We get the same done on a job work basis.

### **Finishing and packaging**

After completion of the washing process, the apparels undergo finishing and are thereafter packaged. Finishing of apparels involves labeling, putting tags, removal of loose and unwanted threads, proper and customized ironing. We give utmost importance to the quality of our final product and hence care is taken to ensure that the apparel that is dispatched to the warehouse has undergone stringent quality checks. We are also very careful in ensuring that the apparels are packaged in a manner that will give the apparel an attractive look and at the same time protect the apparel from any wear or tear. Our packing department takes into consideration all the above factors and makes the product ready for dispatching to our outlets.

### **Distribution and marketing process**

To ensure that merchandise flows directly to the outlets in a timely and cost efficient manner, we distribute the work among the team with detailed plan. This includes inventory management, warehouse management and supply chain management.

The periodic reporting at corporate office and co-ordination with other divisions is maintained to ensure smooth and uninterrupted distribution flows. Further, our custom designed computer application permits better control of inventory thereby lowering inventory holding costs.

### **Sale process**

We have adopted franchisee model for sale of our products. Under the franchisee model our products are distributed across the country through number of our Exclusive Brand Outlets (EBOs). We supply our product range to our various franchisees according to their requirement and also according to the changing trends and season within a period of time previously decided.

Our growth in sales is primarily driven by addition of our new and exclusive brand outlets and growth of sales from existing exclusive brand outlets.

### **Details of existing exclusive brand outlets of Anshu's Clothing Limited**

The number of our exclusive brand outlets has been across various regions. Set out below is a table providing a region wise detail of the number of exclusive brand outlets where the "Anshu's Designer Studio" and the "Lolipop *only for kiddos*" brands are sold and which is reflective of our growth. Till now Company has not opened any store under brand "Kalamkari" but it is proposed to be opened soon.

NUMBER OF OPERATING EXCLUSIVE BRAND OUTLETS			
Sr. No.	Region	As on June 30,2012	
		Anshu's Designer Studio	Lolipop <i>only for kiddos</i>
1	North	1	1
2	South and Central	3	14
3	East	1	9
4	West	11	17
<b>Total</b>		<b>16</b>	<b>41</b>

Mentioned below is region wise outlets under all the three brands for which agreements are executed and proposed to open:

NUMBER OF EXCLUSIVE BRAND OUTLETS PROPOSED TO OPEN FOR WHICH AGREEMENT HAS BEEN EXECUTED BY THE COMPANY				
Sr. No.	Region	As on June 30, 2012		
		Anshu's Designer Studio	Lolipop <i>only for kiddos</i>	Kalamkari
1	North	-	2	-
2	South and Central	1	11	-
3	East	-	6	-
4	West	-	9	2
<b>Total</b>		1	28	2

The franchise arrangement of the Company for the brands is essentially structured on three models namely: (a) locations which are Company owned/ leased and Company operated (COCO); (b) franchise locations which are Company owned/ leased and franchisee operated (COFO); and (c) franchise locations which are franchisee owned/leased and franchisee operated (FOFO). Set out below is the breakup of the number of exclusive brand outlets opened till 30<sup>th</sup> June, 2012 under the three models:

COCO	COFO	FOFO
1	18	38

### **Growth of Sale from existing brand outlets**

We try to add on in the number of exclusive brand outlets and company also focuses on ways to increase sales from the existing exclusive brand outlets. In this regard, we introduce various innovative incentive schemes/discounts etc. from time to time to increase the pace of an exclusive brand outlet.

## Our Products

Products under Anshu's Designer Studio, Lolipop and Kalamkari.

<b>ANSHU'S DESIGNER STUDIO</b> 	Designer Sarees
	Bridal Sarees
	Evening Gown
	Bridal Lenghas
	Salwar Kameez
	Dress Material
	Tunics
<b>LOLIPOP</b> 	Casual wear & Party wear
	Shirts, T-shirts
	Shorts
	Capri
	Denim
	Trousers
	Casual wear & Party wear
	Shirts, T-shirts
	Shorts
	Capri
<b>KALAMKARI</b> 	Denim
	Trousers
	Salwar Kameez Dupatta / Chudidhar Kameez Dupatta
	Kurti
	Top
	Mix & Match
	Skirt
	Leggings
	Salwar

## Marketing Strategy

Behind any brand success there is diversified distribution channel which forms backbone of selling and marketing strategy. We have distribution channel which largely consist of network of Exclusive Brand Outlets (EBO). We sell our products only through EBOs under our various models. We operate mainly under three models Company owned/ leased and Company operated (COCO); Company owned/ leased and franchisee operated (COFO); and Franchisee owned/leased and Franchisee operated (FOFO). We provide stocks to the franchisees on Sale or Return (SOR) basis. We focus our strategies and efforts to provide quality apparels at affordable price. We promote and position our brands with innovative marketing and advertising campaign. Our business model enables our company to reach directly to our customers and understand their needs and requirements. We have developed a extensive network of exclusive brand outlets across the Country.

We market our apparels through exclusive brand name "**Anshu's Designer Studio**" (Exclusive Women Ethnic Wear), "**Lolipop**" (Kids Wear) and "**Kalamkari**" (Women's Wear). We have promotional advertising and sales boosting plans involving media like newspapers, magazines, mobile advertising, internet, convergence marketing or inauguration by any famous celebrities.

Anshu's Designer Studio at IIM, Ahmedabad has been inaugurated by famous heroine **Amisha Patel**. Whereas, Anshu's Designer Studio at Ashram Road, Ahmedabad has been inaugurated by famous heroine **Riya Sen**.

## Corporate Social Responsibility

We are aware of our corporate social responsibilities and have made significant efforts to preserve the environment in and around our manufacturing facilities. As a socially responsible company, we believe that great emphasis should be placed on social and community service. This attitude has allowed us to engage in numerous social activities with the wholehearted support of our employees.

## Borrowing

### Details of Secured Long Term & Short Term Borrowings Outstanding as on 31<sup>st</sup> March, 2012

Details of the Bank	Particulars	Sanctioned Limit	Outstanding Amount	Security	Interest
Development Credit Bank Limited  Address: 601 & 602, Peninsula Business Park, 6th floor, Mumbai-400013	Cash Credit Limit	₹ 550.00Lacs	₹ 541.53 Lacs	Security:- Hypothecation of entire Current assets of the Company including Stock and Book Debts.  Collateral Security:  1) REM of Commercial Shop no. G 3, Ground Floor, Shivalik Plaza, Opp. AMA, IIM Road, Ahmedabad in the name of Anshu's Clothing Limited.  2) REM of commercial shop no. 103, Shivalik Plaza , Opp. AMA, IIM Road, Ahmedabad, in the name of Anshu's Clothing Limited  3) Fixed Deposit in the form of RIC of ₹ 8.50 Lacs under Banks Lien.  Guarantors:  Mr. Ravi J. Bhandari Mrs. Rekha R. Bhandari	Base Rate + 2.50 i.e. 13.00% p.a (at present Base Rate is 10.50% p.a)
HDB Financial Services Limited  Ground Floor, Madhusadan Estate, Pandurang Budhkar Marg, Lower Parel, Mumbai - 400013	Secured Loan	₹93.00 Lacs	₹ 89.95 Lacs	E/4 Nebulla Tower, B/H Galaxy Tower, B/H Grand Bhagwati Hotel, Nr. S.G Highway , Bodakdev, Ahmedabad- 380 058.	13.00 %
Volkswagen Finance	Vehicle Loan	₹8.90 Lacs	₹7.95 Lacs	Hypothecation of Vehicle	--
	<b>Total</b>	<b>₹ 651.90 Lacs</b>	<b>₹ 639.43 lacs</b>		

## Information Technology

We believe that business pre-eminence can be achieved only through efficiency that gives you a competitive edge and a state of art information flow system. We are currently maintaining our sale and store inventories on a specially developed computer application known as Ginesys. Mirror images of the data bases are maintained at the head office and the different stores. All daily transactions at either end are updated through pooling of incremental data of new transactions. This helps us to maintain a complete control from the Head Office over all the stocks and sales on a daily basis.

## Competitive Position

Our Company's business is driven by the value of our brands.

According to the current scenario apparel manufacturing and retail industry is highly competitive and fragmented .We mainly deal in Women's Ethnic wear, Women's Casual wear and Kids wear. In these segments we face competition from organized sector and unorganized sector. Primarily we face competition from local manufactures, who may, for a variety of reasons such as easier access and personal relationships with the customers, be able to cater to local demands better than us. We believe that the prime competitive factors which affect our segment includes brand name, brand identity, timeliness, reliability, quality of products, price and our ability to anticipate consumer demands and maintain appeal of products to customers.

Kids wear and Women's Ethnic segment in our country is dominated by the unorganized sector and mainly we face competition from them. While in the organized sector, the major players in the Indian branded kids wear segment are Gini & Jony Limited, Ruff Kids and Catmoss.

In our segment of sarees including women's other ethnic wear there are not many brands dealing with them on National level only local competitors are there which differ from City to City.

## Property

**Details of the properties owned by the Company are given below:**

Sr.No.	Property	Details of vendors and / owners	Nature of Title/Interest
1	Unit no.3 admeasuring 1470 sq.fts. Ground floor Shivalik Plaza, Near IIM, Atira road, Vastrapur, Ahmedabad-380015.	Anshu's Clothing Limited	Owned by the Company
2.	Unit no.103 adm. 1330 sq.fts. 1st floor Shivalik Plaza, Near IIM, Atira road, Vastrapur, Ahmedabad-380015.		

## Details of Property taken on lease by the Company:

Sr. No.	Date of Lease Deed	Name and Address of the lessor	Details of Land	Tenure of Lease	Consideration Paid
1	28.04.11	Mr. Dinesh Mafatlal Patel, 104, Jayshiva Tower, Behind, Sahjanand College, Ambawadi, Ahmedabad	A-G/2, Ground Floor, Shivalik Plaza, ATIRA Road, IIM Road, Nr. Panjarapole, Ambawadi, Ahmedabad-380015	Six years	₹ 4,05,000/- refundable Security Deposit and ₹ 1,35,000/- rent to be payable every month.
2	31.05.11	Mr. Rupesh K Shah 10, Chirpur nagar, Navavadaaj, Ahmedabad	Swapneel-5, Nr.Commerce Six Road, Navrangpura, Ahmedabad-	Nine Years	₹3,90,000/- refundable Security Deposit and ₹ 1,30, 000/- rent to be payable every month.  The rent shall increase by 15% after every year and shall be computed on the last drawn rent
3	03.06.11	Shrimati Padmaben Arvind Kumar Patel 10, Achalayatan Society Vibhag-2, Memnagar Fire Station Road, Navrangpura, Ahmedabad-380009	Kanha Appartment , Admeasuring 3000.00 Sq. Mts. Motikunj Society, Near Ishwar Bhuvan, Opp. Audit Bhavan, Navrangpura , Ahmedabad	Three Years	₹ 90,000/- refundable Security Deposit and ₹ 45000/- rent to be payable every month.  1 <sup>st</sup> Year - ₹ 45,000/ per month 2 <sup>nd</sup> Year - ₹47,700/ per month 3 <sup>rd</sup> year - ₹50,562/ per month
4	27.01.12	Ruchi Malls Private Limited 806, Meghdoot, 94, Nehru Place, New Delhi-110019	Mouje Vastrapur , TP 1 FP 216 Paiki Unit No. S/14	Nine Years	₹ 2,05,360/- as refundable Security deposit.  1 <sup>st</sup> Year: ₹ 44922.50/- per month 2 <sup>nd</sup> Year: ₹51,340/- per month 3 <sup>rd</sup> Year: 57,750.50/- per month 4 <sup>th</sup> Year to 6 <sup>th</sup> Year: ₹59,041/- per month 7 <sup>th</sup> Year to 9 <sup>th</sup> Year : ₹67,897.15/- per month
5	27.01.12	Ruchi Malls Private Limited 806, Meghdoot, 94, Nehru Place, New Delhi-110019	Mouje Vastrapur , TP 1 FP 216 Paiki Unit No. S/26	Nine Years	₹ 1,44,993.50/- as refundable Security deposit  1 <sup>st</sup> Year- ₹33, 460/- per month 2 <sup>nd</sup> Year- ₹37,642.50/- per month 3 <sup>rd</sup> Year- ₹37,642.50/- per month 4 <sup>th</sup> Year to 6 <sup>th</sup> Year- ₹41,691.16/- per month 6 <sup>th</sup> Year to 9 <sup>th</sup> Year - ₹47,931.45/- per month
6	15.03.12	Chandrakant Amratlal Shah & Dilipbhai Amratlal Shah 7, Urvashi Flats, Tower No. 2, Mithakali Six	Shop No. 3, Chinubhai Centre, Near Nehru Bridge Corner, Ashram Road, Ahmedabad	Five Years	₹ 5,13,000/- as refundable Security deposit  1 <sup>st</sup> Year - ₹1,71,000/- per month 2 <sup>nd</sup> Year- ₹1,79,550/- per month 3 <sup>rd</sup> Year - ₹1,88,427.50/- per

		Road, Law Garden Road, Ellis Bridge, Ahmedabad			month 4 <sup>th</sup> year-₹1,97,954/- per month  5 <sup>th</sup> Year-₹2,07,851/- per month
7	01.06.12	Kantilal Khimjibhai Dedhiya  103, Hera Panna, Towers, Behind Alkapuri Arcade, R.C. Dutt. Road, Alkapuri, Vadodara.	39/40, Alakpuri Arcade, R.C. Dutt. Road, Alkapuri, Vadodara, Gujarat.	Three years	₹ 135000/- refundable Security Deposit and ₹ 45000/- rent to be payable every month.  After Completion of one year there will 5% rent escalation every year on the lease fees & security.
8	01.06.2012	Nirav Kantilal Dedhiya  103, Hera Panna, Towers, Behind Alkapuri Arcade, R.C. Dutt. Road, Alkapuri, Vadodara.	39/40, Alakpuri Arcade, R.C. Dutt. Road, Alkapuri, Vadodara, Gujarat.	3 years	₹ 75000/- refundable Security Deposit and ₹ 25000/- rent to be payable every month.  After Completion of one year there will 5% rent escalation every year on the lease fees & security.

## Insurance

**Details of the Insurance policies taken by the Company for the properties owned by the Company:**

Sr. No.	Policy No	Description	Property Insured	Expiry Date	Sum Insured (₹)	Premium (₹)
1.	141400/11/20 13/242	Standard Fire, & Special Perils Policy Schedule	F-103, Shivalik Plaza, Opp AMA, Panjara Pole, Ahmedabad- 380015  (Stock, Building, Furniture Fixture & Fittings )	12/06/2013	80,00,000	8921 per year
2.	141400/11/20 13/239	Standard Fire, & Special Perils Policy Schedule	G-3 Shivalik Plaza , Opp AMA, IIM , Road, Ahmedabad- 380015  (Stock, Building, Furniture Fixture & Fittings )	12/06/2013	2,75,00,000	29, 123 per year

### **Intellectual Property**

**Anshu's Clothing Limited** has obtained registration of the trademark "Anshu's Designer Studio" and "Anshu's" under Class 25 (in respect of readymade garments) of the Trade Marks Act, 1999 under a Certificate of Registration dated 16<sup>th</sup> January, 2012 and 11<sup>th</sup> January, 2012.

Mrs. Rekha Ravi Bhandari, the Promoter has applied for registration of trademark "Lolipop" *only for kiddos* under class 25 on 10<sup>th</sup> January, 2011 vide application number 2082547. This trademark is intended to be used by the Company.

In addition to the above other trademark "Kalamkari" applied on 13<sup>th</sup> July, 2012 vide application number 2363637 under class 25 in the name of Ravi Bhandari HUF is also intended to be used by the Company.

### **Human Resources**

We believe that our employees are key contributors to the success of our business. To achieve this, we focus on hiring and retaining the best talent in the industry. We have a policy of hiring fresh graduates and training and developing to newly hired professionals. We view this process as a necessary tool to maximize the performance of our employees. Our work force consists of: (i) our permanent employees; and (ii) consultants who are engaged by us on a contractual basis or on professional basis.

### **Legal Proceedings**

Other than as described in the section titled "Outstanding Litigation and Material Development" on Page No. 148 of this Draft Prospectus, the Company is not Currently a party to any proceedings and no proceedings are known by it to be contemplated by government authorities or third parties, which, it believes, if adversely determined, would have a material adverse effect on its business, financial condition or result of operations.

## **KEY INDUSTRIAL REGULATIONS AND POLICIES**

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of 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 is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice*

The Company is governed by various legislations as applicable to it. Some of the key regulations applicable to the Company are summarized hereunder:

### **TAX RELATED LEGISLATIONS**

#### **Value Added Tax**

The levy of Sales Tax within the state is governed by the VAT Act and Rules of the respective states. VAT has resolved the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

#### **Income Tax Act, 1961**

Income Tax Act, 1961 is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its "Residential Status" and "Type of Income" involved. U/s 139(1) every Company is required to file its Income tax Return for every Previous Year by 31st October of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

#### **Central Sales Tax Act, 1956**

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (Monthly/ Quarterly/ Annually) as required by the State sale Tax laws of the assessee authority together with treasury challan or bank receipt in token of the payment of taxes due.

### **EMPLOYMENT AND LABOUR LAWS**

#### **Industrial Disputes Act, 1947 and Industrial Dispute (Central) Rules, 1957**

Industrial Dispute Act, 1947 provides for the investigation and settlement of industrial disputes. It also contains various provisions to prohibit strikes and lock-outs, declaration of strikes and lockouts as illegal and provisions relating to lay-off and retrenchment and closure, Conciliation and adjudication of industrial disputes by; Conciliation Officers, a Board of Conciliation, Courts of Inquiry, Labour Courts, Industrial Tribunals and a National Industrial Tribunal.

#### **Payment of Wages Act, 1936**

The Payment of Wages Act 1936 ("PWA") makes provisions regarding the date by which wages are to be paid, when it will be paid and what deductions can be made from the wages of the workers.

## **Payment of Gratuity Act, 1972**

The Payment of Gratuity Act, 1972 ("PGA") was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered for his long and meritorious service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

(a) on his/her superannuation;

(b) on his/her retirement or resignation;

(c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

The PGA establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway Company; every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding twelve months; and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the Central Government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions.

## **Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 ("MWA") came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. Construction of Buildings, Roads, and Runways are scheduled employments. It prescribes penalties for non-compliance by employers for payment of the wages thus fixed.

## **Workmen's Compensation Act, 1923**

The Workmen's Compensation Act, 1923 ("**WCA**") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/ loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

## **Maternity Benefit Act, 1951**

The Maternity Benefit Act, 1951 provides for leave and some other benefits to women employees in case of confinement or miscarriage etc.

## **Equal Remuneration Act, 1979**

The Equal Remuneration Act 1979 provides for payment of equal remuneration to men and women workers and for prevention discrimination, on the ground of sex, against Female employees in the matters of employment and for matters connected therewith.

### **Industrial Disputes Act, 1947**

The Industrial Disputes Act 1947 lays down the machinery and procedure for investigation, settlement and resolution of Industrial disputes in what situations a strike or lock-out becomes illegal and what are the requirements for laying off or retrenching the employees or closing down the establishment.

### **Child Labour Prohibition and Regulation Act, 1986**

The Child Labour Prohibition and Regulation Act 1986 prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Employment of Child Labour is prohibited in Building and Construction Industry.

### **Trade Union Act, 1926**

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

### **Standards of Weights and Measures Act, 1976**

Our Company is required to comply with the provisions of the Standards of Weights and Measures Act, 1976 and the rules made thereunder, particularly the Standards of Weights and Measures (Packaged commodities) Rules, 1977.

## **MISCELLANEOUS ACTS**

### **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.

### **Competition Act, 2002**

The Competition Act, 2002 was enacted by the Parliament of India and governs Indian competition law. It replaced the archaic Monopoly and Restrictive Trade Practices Act. Under this act, the Competition Commission of India was established to prevent activities that have an adverse effect on competition in India.

### **Shops and Establishment Act**

The respective State Governments have the power to make laws on the subject matter. In exercise of these powers, various State Governments have enacted the shops and establishments act which is applicable to the shops and commercial establishments within the respective states as may be specified by the Government. Each state has its own legislation on shops and establishments which lay down inter alia, guidelines for regulating the hours of work, payment of wages, leave holidays, terms of service, overtime and other conditions of work of persons employed in shops,

commercial establishments etc. and to discourage the malpractices by employers towards their employees. The Gujarat Shops and Establishment Act, 1948 governs the Company as the Company has its registered office in the city of Ahmedabad.

## **TRADE RELATED LEGISLATIONS**

### **National Textile Policy**

Subsequent to the announcement of the Textile Policy, the woven segment of readymade garment sector and the knitting sector have been de-reserved from the list of items reserved for exclusive manufacture in the small scale sector. The Textile Policy also targets the development of a strong multi-fibre base to facilitate product upgradation and diversification. The Textile Policy provides for government financing and venture capital funding for setting up textile plants. Particular emphasis is laid on exports with the proposal of multi-disciplinary institutional mechanisms to formulate policy and action plans, including the restructuring of Export Promotion Councils and operating a brand equity fund exclusively for textile and apparel products. The Textile Policy also contains sector specific agendas. For the cotton sector, it designates the Technology Mission of Cotton as the nodal body to bring about increase in productivity and stability in prices. For the spinning and weaving sectors, decentralized modernizations is the thrust of the government policy and for the garments sector, the government proposes a number of measures in light of the WTO rules and regulations, including strategic alliances with leading global manufacturers and the establishment of textile/apparel parks. The Ministry of Textiles announced the formulation of the National Textile Policy, 2000 118 ("Textile Policy") in November 2000 with the objective of enabling the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The Textile Policy envisages a multi-pronged strategy to achieve these long term goals. The strategy aims at modernizing the equipment and technology that is used in the sector and simultaneously strengthening the traditional knowledge, skills and capabilities in this sector.

### **Cotton Control Order 1986**

The Cotton (Control) Order, 1986 ("Cotton Order") prescribes the maximum quantity of cotton that may be possessed by a manufacturer, a cotton ginning factory, a cotton pressing factory, a cotton ginning and pressing factory and a person (other than a member of a Hindu Undivided Family growing cotton). The Cotton Order establishes the office of the Textile Commissioner as the regulator there under. The Cotton Order further specifies the quality standards that have to be met while picking cotton for the purposes of export and domestic consumption as well as the markings that have to be made on the cotton bale before marketing of the same.

## **ENVIRONMENTAL LEGISLATIONS**

### **Water (Prevention and Control of Pollution) Act, 1974**

The Water (Prevention and Control of Pollution) Act 1974 ("**the Act**") was enacted with an objective to protect the rivers and streams from being polluted by domestic and industrial effluents. The Act prohibits the discharge of toxic and poisonous matter in the river and streams without treating the pollutants as per the standard laid down by the Pollution control boards constituted under the Act. A person intending to commence any new industry, operation or process likely to discharge pollutants must obtain prior consent of the board constituted under the Act.

### **Air (Prevention and Control of Pollution) Act, 1981**

Air (Prevention and Control of Pollution) Act 1981 ("**the Act**") was enacted with an objective to protect the environment from smoke and other toxic effluents released in the atmosphere by industries. With a view to curb air pollution, the Act has declared several areas as air pollution control area and also prohibits the use of certain types of fuels and appliances. Prior written consent is required of the board constituted under the Act, if a person intends to commence an industrial plant in a pollution control area.

### **The Environment Protection Act, 1986 ("Environment Protection Act")**

The purpose of the Environment Protection 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. The Environment Protection Act authorizes the central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds. The Act prohibits persons carrying on business, operation or process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed. Where the discharge of any environmental pollutant in excess of the prescribed standards occurs or is apprehended to occur due to any accident or other unforeseen act, the person responsible for such discharge and the person in charge of the place at which such discharge occurs or is apprehended to occur is bound to prevent or mitigate the environmental pollution caused as a result of such discharge and should intimate the fact of such occurrence or apprehension of such occurrence; and (b) be bound, if called upon, to render all assistance, to such authorities or agencies as may be prescribed

### **Hazardous Waste (Management and Handling) Rules, 1989**

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

## **INTELLECTUAL PROPOERTY LEGISLATIONS**

### **Trademarks**

Trademarks have been defined by TRIPs as any sign, or any combination of signs capable of distinguishing the goods or services of one undertaking from those of other undertakings. Such distinguishing marks constitute subject matter under TRIPs. TRIPs provide that initial registration and each renewal of registration shall be for a term of not less than ten years and the registration shall be renewable indefinitely.

Compulsory licensing of trademarks is not permitted. In light of the changes in trade and commercial practices, globalisation of trade, the need for simplification and harmonisation of trademark registration systems etc., the Indian Parliament undertook a comprehensive review of the Trade and Merchandise Marks Act, 1958 and replaced the same with the a new legislation viz. The Trade Marks Act, 1999. This Act makes trademarks law compatible with TRIPs and also harmonises it with international systems and practices.

### **Other Regulations**

Our distribution network comprises number of EBOs in India and therefore are regulated by legislation enacted by various State Governments. So our stores require material registrations / licenses/ consents / permissions under the statutes listed out below. The statutes/ legislation list set out below is by way of illustration and is not exhaustive.

- Applicable state shops and establishment legislations
- Applicable state municipal legislations
- Contract Labour (Regulation & Abolition) Act, 1970
- Copyright Act, 1957
- Trade Mark Act, 1999
- Various other statutes.

## HISTORY AND CERTAIN CORPORATE MATTERS

### **Brief History of the Company**

Our Company was originally incorporated as "Black Star Products Private Limited" on March 24, 1995 under the Companies Act, 1956 with the Registrar of Companies, Gujarat ('ROC'). The name of Company was subsequently changed to "Maruti Dychem Private Limited" to diversify its new activities in the field of Dyes and Intermediates and fresh Certificate of Incorporation was obtained from ROC on February 12, 1998. Further the name of the Company was change to "Anshu's Clothing Private Limited" to give effect to the alteration in the Main Object Clause for entering into garment business. Consequent upon conversion into Public Limited Company the name of our Company was changed to "Anshu's Clothing Limited "on April 20, 2012 and a fresh certificate of incorporation was obtained from the Registrar of Companies, Gujarat , Ahmedabad on June 1, 2012.

### **Changes in Registered Office of the Company**

Sr. No.	Particulars	From	To	Board Resolution Dated
1	Change in Registered office of the Company	B-323, Tirthraj ,Nr. Town Hall, Ellisbridge, Ahmedabad-380006	B-205, Farideal House, Near Swastik Char Rasta, Navrangpura, Ahmedabad-380009	26.11.04
2	Change in Registered office of the Company	B-205, Farideal House, Near Swastik Char Rasta, Navrangpura, Ahmedabad-380009	F-103, Shivalik Plaza, Near IIM, Atira Road Vastrapur, Ahmedabad-380015	01.02.06

Except as mentioned above, there have not been any changes in our Registered Office since incorporation till date of this Draft Prospectus.

### **Capital raising (Debt / Equity)**

For details of the equity capital raising of our Company, please refer to the section titled "*Capital structure*" on page 41 of this Draft Prospectus.

We have not done any debt issuances or raised any long term debt since incorporation till date.

As of the date of this Draft Prospectus, the Company has 8 holders of Equity Shares.

### **Main Objects of the Company**

The main objects of the Company as set forth in Memorandum of Association of the Company are as follows:

To carry on the business as manufactures, manufacturer's representatives, exporters, importers, dealers, distributors, suppliers, steachers, producers, wholesalers, retailers, and traders of all classes, kinds and types, natures and description of textile products including readymade garments, shooting, shirting, dress material, sarees , children materials, hosiery and knitwears made of whatever materials and substances and for the use of whomsoever.

## **Changes in the Memorandum of Association of the Company**

<b>Date of Approval</b>	<b>Shareholders</b>	<b>Nature of Change</b>
January 6, 1998		Change of Company's name from Black Star Products Private Limited to Maruti Dyechem Private Limited
February 1, 1999		Increase in Authorised Capital from ₹10,00,000/- divided into 1,00,000 Shares of ₹10/- each to ₹20,00,000/- divided into 2,00,000 shares of ₹ 10/-
August 12, 1999		Increase in Authorised Capital from ₹ 20,00,000/- divided into 2,00,000 Shares of ₹ 10/- each to ₹ 30,00,000/- divided into 3,00,000 shares of ₹ 10/-
October 20, 2004		Increase in Authorised Capital from ₹ 30,00,000/- divided into 3,00,000 Shares of ₹ 10/- each to ₹ 40,00,000/- divided into 4,00,000 shares of ₹ 10/-
May 17, 2005		Increase in Authorised Capital from ₹ 40,00,000/- divided into 4,00,000 Shares of ₹ 10/- each to ₹ 50,00,000/- divided into 5,00,000 shares of ₹ 10/-
August 16, 2005		Alteration of Main objects Clause of the Memorandum of Association to commence clothing business.
April 23, 2007		Change of Company's name from Maruti Dyechem Private Limited to Anshu's Clothing Private Limited
August 1, 2011		Increase in Authorised Capital from ₹ 50,00,000/- divided into 5,00,000 Shares of ₹10/- each to ₹ 15,00,000/- divided into 15,00,000 shares of ₹ 10/-
November 30, 2011		Increase in Authorised Capital from ₹ 15,00,000/- divided into 15,00,000 Shares of ₹ 10/- each to ₹ 10,00,000/- divided into 10,00,000 shares of ₹ 10/-
April 20, 2012		The Company was converted from a Private Limited Company to a Public Limited Company.

## **Key events and milestones of Our Company**

<b>Year</b>	<b>Events</b>
1995	Incorporation of the Company
2005	Launched the brand " ANSHU'S DESIGNER STUDIO" designer wears for ladies. It was inaugurated by the famous film actress Amisha Patel.
2011	Launched the brand "LOLIPOP" exclusively for kids
2012	Conversion from Private Limited Company to Public Limited Company.
2012	Launched the brand " KALAMKARI"

## **Shareholders agreement**

There are no shareholders' agreements currently subsisting where the Company is a party.

**Technology arrangements**

There are no technological arrangements by our company.

**Acquisition of business/undertakings**

The Company has not acquired any business or undertakings till date. However, the present promoters and promoter group had acquired the entire equity shares of the Company Maruti DyeChem Private Limited by others in the year 2007.

**Managerial competence**

For details on managerial competence, please refer to the section titled "*Our Management*" on page 97 of this Draft Prospectus.

**Defaults or rescheduling of borrowing**

The Company has not defaulted or rescheduled its borrowing. Furthermore, none of the Company's loans have been converted into equity in the past.

**Injunctions or restraining orders**

There are no injunctions / restraining orders that have been passed against the Company.

**Strategic and financial partners**

We have no strategic or financial partners.

**Standing of the Company vis-a-vis its prominent competitors**

For details of the standing of the Company with reference to its prominent competitors, please refer to the section titled "*Our Business Overview*" on page 74 of this Draft Prospectus.

**Company's subsidiaries**

Our company does not have any subsidiary.

## OUR MANAGEMENT

### Board of Directors :

The company has five (5) Directors out of which three (3) are Non Executive Directors & two (2) are Executive Directors.

The following table sets forth the details of the Board of Directors as on the date of this Draft Prospectus:

Sr. No.	Name, Father's Name & Address,	Age	Designation & Term	Occupation, Qualification, & DIN	Other Directorships
1	Ravi J. Bhandari Jagish Raj Bhandar  E-4 Nebulla Tower, Bodakdev , Ahmedabad-380054, Gujarat	42	Chairman & Managing Director  Term: 5 years w.e.f 1.07.2012	Business  Qualification: Diploma in Engineering  Din: 01227082	Lolipop Fashions Private Limited Connected w.e.f 08.12.2011
2	Rekha R Bhandari Ravi J. Bhandari  E-4 Nebulla Tower, Bodakdev , Opp. Grandbhagwati, Ahmedabad-380054, Gujarat	37	Whole Time Director  Term: 5 year w.e.f 01.07.2012	Business  Qualification: Bachelor of Science  Din: 01359192	Lolipop Fashions Private Limited Connected w.e.f 08.12.2011
3	Nimisha Modi Varun Modi  C-301 Ashavari Tower, Nr. Ramdevnagar, Satellite, Ahmedabad-380015	27	Non Executive Independent Director  Term: Liable to retire by rotation.	Service  Qualification: Bachelor of Commerce ACA  Din: 05258136	---
4	MohjeetKumar Chopra  MahendraKumar Chopra  C,403,Nilkanth, Park 2,Ghoda Camp Road, Shahibaug, Ahmedabad-38004	29	Non Executive Independent Director  Term: Liable to retire by rotation.	Business  Qualification: Bachelor of Commerce  Din: 05275097	----
5	Mr. Abhishek L. Shah S/o. Mr. Lalaram Shah  125/975 Kalapinagar, Meghaninagar, Ahmedabad- 380001	26	Non Executive Independent Director  Term: Liable to retire by rotation.	Service  Qualification: Bachelor of Commerce ACA, CS, CWA  Din: 05311344	---

## Brief Profile of Our Directors

**Mr. Ravi J. Bhandari**, aged 42 years is the Chairman and Managing Director of our Company. He is also one of the Core Promoters of the Company. He has done his Diploma in Engineering from National Polytechnic Jodhpur. After completion of education he got involved in upbringing the business activities. He has over a decade of experience in trading of readymade garments and overall garment sector and after being successful in Women's Ethnic Wear he came up with brand named "**LOLIPOP**" only for kiddos in the year 2011. Lolipop is exclusively for kids which has also achieved considerable success in very short span. In 2012 he contributed by launching the brand "**Kalamkari**".

**Mrs. Rekha R. Bhandari**, aged 37 years is the Whole Time Director of our Company. She is also one of the Core Promoters of the Company. She is graduate in Science stream from University of Jodhpur. She has knowledge about various programming languages. She has 7 years of experience in actively carrying the business of trading of ready made garments and various technical matters related thereto. She has equally participated in expansion of business by launching the brand "**Lolipop**" and "**Kalamkari**".

**Ms. Nimisha Varun Modi**, aged 27 years is a Non-Executive Independent Director of our Company and has been on the Board of Directors since April 2012. She is a qualified Chartered Accountant. She has secured 46<sup>th</sup> rank in AIR in the year 2007 in Chartered Accountant course. She has over 3 years of experience in the field of Finance, Taxation, Accounts and Auditing. She has qualified his education course of Chartered Accountancy in 2007 and has joined the Company Sintex Limited as a CF & SEC (Manager). Currently she is working in VMS Industries Limited as a Chief Financial Officer.

**Mr. Mohjeetkumar M. Chopra**, aged 29 years is a Non-Executive Independent Director of our Company and has been on the Board of Directors since May 2012. He is graduate in commerce. After completion of education, he got involved in family business. He has more than 8 years of experience in actively carrying the business of manufacturing and trading of ready made garments.

**Mr. Abhishek Lalaram Shah**, aged 26 years a Non-Executive Independent Director of our Company and has been on the Board since June, 2012. . He is a qualified Chartered Accountant, Cost & Work Accountant and Company Secretary. He has secured 26<sup>th</sup> rank in AIR in the year 2009 in Cost & Work Accountants. He has over 4 years of experience in the field of Accounts and Finance. He has qualified his education course of Chartered Accountancy in 2008 and has joined the Company India Denim Limited, Ahmedabad as a Finance Manager.

## Relationship between Directors

Except for Mrs. Rekha Ravi Bhandari being wife of Mr. Ravi J. Bhandari, none of the other directors are related to each other in any manner.

## Important Notes regarding the Board of Directors

- There is no arrangement or understanding with any shareholders, customers, suppliers or others, pursuant to which of the directors of our Company are selected as a director or member of Senior Management.
- There is no service contracts entered into by the Directors with our Company.
- None of our Directors have been or are presently directors on the boards of listed companies whose shares have been / were suspended from being traded on the Stock Exchanges during the last five years preceding the date of filing of this Draft Prospectus.
- None of our Directors have been or are presently directors on the boards of listed companies whose shares have been delisted from the Stock Exchanges (s).

## **Confirmation**

None of the above mentioned Directors are on the RBI List of wilful defaulters as on date of filing the Draft Prospectus.

Further, or Company, our promoters, persons forming part of our Promoter Group, Directors and persons in control have not been/ are not debarred from accessing the capital market by SEBI.

## **Powers under section 293 of the Board of Directors**

- Our Company at its Annual General Meeting held on June 30, 2012, passed a resolution authorizing Board of Directors pursuant to the provisions of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to Board of Directors (hereinafter called "the Board" which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) to mortgage and/or charge any of its movable and / or immovable properties wherever situated both present and future or to sell, lease or otherwise dispose off 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(s) and to create a mortgage/and or charge, on such terms and conditions at such time(s) and in such form and manner, and with such ranking as to priority as the Board in its absolute discretion thinks fit on the whole or substantially the whole of the Company's any one or more of the undertakings or all of the undertakings of the Company in favour of any bank(s) or body(ies) corporate or person(s), whether shareholders of the Company or not, together with interest, cost, charges and expenses thereon for amount not exceeding ₹ 35.00 crores [Rupees Thirty Five Crores] at any point of time.
- Our Company at its Annual General Meeting held on June 30, 2012, passed a resolution authorizing Board of Directors pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies, as may be considered fit for the business of the Company on such terms and conditions as it may deem fit and expedient in the interest of the Company, notwithstanding that monies borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may 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 that the maximum amount of monies so borrowed by the Company shall (apart from temporary loans obtained or to be obtained from Company's bankers in the ordinary course of business) and outstanding at any given point of time, not at any time exceed the sum of ₹35.00 Crores (Rupees Thirty Five Crores only)."

## **Interest of the Directors**

The present promoters of our Company are Mr. Ravi J. Bhandari and Mrs. Rekha R. Bhandari. The Promoters may be deemed to be interested in the promotion of our Company to the extent of shares held by them and their relatives. The Promoters may also benefit from holding directorship in our Company. All our Directors may be deemed to be interested to the extent of remuneration and/or fees, if any, payable to them for attending meetings of the Board and of committees thereof, if any, payable to them under the Articles of Association and the applicable laws. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to anybody-corporate including companies and firms, and trusts, in which they are interested as directors, embers, partners or trustees. Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Issue.

Except as stated otherwise in this Draft Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered into with them.

## Shareholding of the Directors

The following table details the shareholding of the Directors in their personal capacity and either as sole or first holder, as on the date of this Draft Prospectus:

Name of Director	No. of Shares held	Pre-Issue Share Holding in Percentage
Mr. Ravi J. Bhandari	2367000	54.25
Mrs. Rekha R. Bhandari	637200	14.61
<b>Total</b>	<b>3004200</b>	<b>68.86</b>

## Changes in the Board of Directors in the last 3 years

Following are the changes in our Board of directors in the last three years:

Sr. No.	Name of the Director	Date of Change	Reasons for change
1	Nimisha Varun Modi	April 18, 2012	Appointment
2	Mohjeet Kumar M. Chopra	May 9, 2012	Appointment
3	Abhishek Lalaram Shah	June 5, 2012	Appointment

## Compliance with Corporate Governance Requirements

The provisions of the SME Equity Listing Agreement to be entered into with the Stock Exchange with respect to corporate governance and SEBI ICDR Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchange. Our Company has complied with the corporate governance code in accordance with Clause 52 of the SME Equity Listing Agreement to be entered into with the Stock Exchange, particularly, in relation to appointment of independent directors to our Board and constitution of an audit committee, a remuneration committee and a shareholders' grievance committee. Our Board functions either on its own or through committees constituted thereof, to oversee specific operational areas.

## Composition of the Board of Directors

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on date the Board is comprised of total 5 directors, which includes 1 Managing Director, and 1 Whole Time Director and 3 Non Executive Independent Directors. The Company complies with the revised norms for Independent Directors.

Sr. No.	Name of Director	Nature of Directorship
1	Mr. Ravi J. Bhandari	Chairman and Managing Director
2	Mrs. Rekha R. Bhandari	Whole Time Director
3	Mrs. Nimisha Varun Modi	Non Executive Independent Director
4	Mr. Mohjeet Kumar M. Chopra	Non Executive Independent Director
5	Mr. Abhishek Lalaram Shah	Non Executive Independent Director

## Various Committees of Directors

### 1. Audit Committee

The Audit Committee of our Board was constituted by our Directors by a board resolution dated June 5, 2012 pursuant to section 292A of the Companies Act. The Audit Committee comprises of:

Name of the Member	Nature of Directorship	Designation in Committee
Mrs. Nimisha Varun Modi	Non-Executive Independent Director	Chairperson
Mr. Ravi J. Bhandari	Managing Director	Member
Mr. Abhishek Lalaram Shah	Non-Executive Independent Director	Member

The terms of reference of our Audit Committee are given below:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Appointment, removal and terms of remuneration of internal auditors
- 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 the financial statements;
- Disclosure of any related party transactions;
- Qualifications in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- To monitor the utilisation of proceeds of the proposed initial public offering of the Company and any other issue of shares of the Company, reviewing the report submitted by monitoring agency, if any, and to make appropriate recommendations to the Board in this regard.
- Monitoring the use of the proceeds of the proposed initial public offering of the Company.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- 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.
- Discussions with internal auditors on any significant findings and follow up thereon.
- Reviewing internal audit reports and adequacy of the internal control systems.
- Reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- 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.
- 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.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing.
- Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

## **Meeting of Audit Committee**

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present.

## **2. Shareholder and Investor Grievance Committee**

The Shareholder and Investor Grievance Committee of our Board was constituted by our Directors by a board resolution dated June 5, 2012. The Shareholder and Investor Grievance Committee comprises of:

Name of the Member	Nature of Directorship	Designation in committee
Mr. Mohjeetkumr M. Chopra	Non-Executive Independent Director	Chairman
Mrs. Nimisha Varun Modi	Non-Executive Independent Director	Member
Mr. Ravi J. Bhandari	Managing Director	Member

"To allot the Equity Shares of the Company, and to supervise and ensure:

- Efficient transfer of shares; including review of cases for refusal of transfer transmission of shares and debentures;
- Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- Issue of duplicate / split / consolidated share certificates;
- Allotment and listing of shares;
- Review of cases for refusal of transfer / transmission of shares and debentures;
- Reference to statutory and regulatory authorities regarding investor grievances; and to otherwise ensure proper and timely attendance and redressal of investor queries and grievances."

The Company Secretary of our Company acts as the Secretary to the Committee.

### Policy on Disclosures & Internal procedure for prevention of Insider Trading

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchange. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares on stock exchange. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

Mr. Ravi J. Bhandari is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the board.

### 3. Remuneration Committee

The Remuneration Committee of our Board was reconstituted by our Directors by a board resolution dated June 5, 2012. The Remuneration Committee currently comprises of:

Name of the Member	Nature of Directorship	Designation in committee
Mrs. Nimisha Varun Modi	Non-Executive Independent Director	Chairperson
Mr. Abhishek Lalaram Shah	Non-Executive Independent Director	Member
Mr. MohjeetKumar M. Chopra	Non-Executive Independent Director	Member

The remuneration committee has been constituted to recommend/review remuneration of Directors and key managerial personnel based on their performance and defined assessment criteria. The remuneration policy of our Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

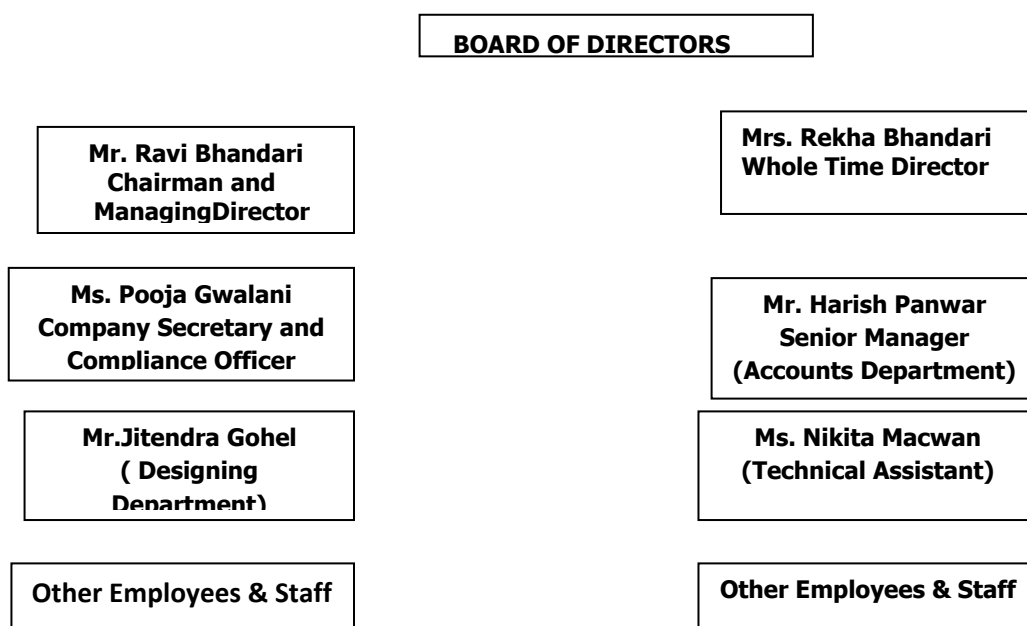
The board has set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. To avoid conflicts of interest, the remuneration committee, this would determine the remuneration packages of the executive directors. It comprises of at least three directors, all of whom are non-executive directors the chairman of committee being an independent Director.

The terms of reference of our Remuneration Committee are given below:

- To decide and approve the terms and conditions for appointment of executive directors and/ or whole time Directors and Remuneration payable to other Directors and matters related thereto.
- To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
- To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment;
- To implement, supervise and administer any share or stock option scheme of the Company.

The Committee is required to meet at least once a year.

## Organizaiton Chart of the Company



### Key Management Personnel

The following table provides brief details regarding our Key Managerial Personnel:

Name & Designation	Role In The Company	Qualification	Experience (In Years)	C.T.C p.a. (₹ in lacs)	Year of Appointment	Details Of Previous Employment
Ravi J. Bhandari	Chairman & Managing Director	Diploma in Engineering	10 years	9	2004	Not Applicable
R. Rekha Bhandari	Whole Time Director	Bachelor of Science	10 Years	9	2004	Not Applicable
Pooja Gwalani	Company Secretary & Compliance Officer	Masters of Commerce and ACS from ICSI	1 Year	1.8	2012	M/s Shilpi Thapar and Associates Practising Company secretary
Harish Panwar	Accounts Manager	Bachelor of Commerce	15 year	1.4	2008	Abhinidhi Dyechem Industries Private Limited.
Nikita Macwan	Technical Assistant	Masters in Computer Application	1 year	1.2	2012	Not Applicable
Melabhai Rabari	Sales & Marketing	---	3 years	0.7	2009	Not Applicable
H. Jitendra Gohel	Designing Department	Diploma in Mechanical Engineering	8 years	1.4	2008	Business
Tarun Nagar	Accountant Assistance	Pursuing B.Com	8 months	1.3	2012	Ceetex Distributors Pvt. Ltd.

### Important Notes regarding our KMP

All our KMP as disclosed above are not the permanent employees of the Company. None of the employees are related to any of the Directors/Promoters of the Company.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the KMP of our Company are selected as a director or member of Senior Management

### Shareholding of the Key Management Personnel

Except for Mr. Ravi J. Bhandari and Mrs. Rekha R. Bhandari who holds 2367000 Equity Shares and 637200 shares, none of the Key Managerial Persons hold any shares in the Company as on the date of this Draft Prospectus.

### Bonus or Profit Sharing Plan of the Key Management Personnel

Our Company does not have any bonus/profit sharing plan for any of the employees, directors, key managerial personnel.

**Interest of Key Management Personnel**

The KMP of our Company does not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of their shareholding, if any in the Company.

None of our KMP have been paid any consideration of any nature from our Company, other than their remuneration.

**Changes in the Key Management Personnel during the last three years:**

Except for the appointment of Mr. Tarun Nagar in the year 2012 as a Accounting Assistant and appointment of Ms. Pooja Gwalani as a Company Secretary in the year 2012, Ms. Nikita Macwan as a Technical Assistant in the year 2012 and resignation of Ms. Purvi Chaalishazar , Desiging Department in the year 2012 there is no other change in the key managerial personal.

**Employee Stock Option Scheme**

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

**Payment or Benefit to Officers of the Company**


Except for the statutory benefits upon termination of their employment, payment of salaries and yearly bonus, we do not provide any other benefits to our employees.

## OUR PROMOTERS AND PROMOTERS GROUP


### OUR PROMOTERS:

**Mr. Ravi J. Bhandari and Mrs. Rekha Ravi Bhandari are the Promoters of the Company.**

#### Mr. Ravi J. Bhandari

	Identification	Details
	Age	42 Years
	Residential Address	E/4, Nebulla Tower, Bodakdev , Ahmedabad-380054, Gujarat
	Educational Qualifications	Diploma in Engineering
	Experience	10 years
	Occupation	Business
	PAN	ADQPR8496J
	Voter's ID	LPZ8172306
	Bank Account Number	141802000004069
	Name of Bank & Branch	Indian Overseas Bank Satellite Branch ,Ahmedabad.
	% of pre-issue share holding in the Issuer Company	54.25%
	DIN	01227082

#### Mrs. Rekha R. Bhandari

	Identification	Details
	Age	37 Years
	Residential Address	E/4, Nebulla Tower, Opp Grand Bhagwati , Bodakdev , Ahmedabad-380054, Gujarat
	Educational Qualifications	Bachelor of Science
	Experience	8 years
	Occupation	Business
	PAN	AAHPR8129A
	Driving License Number	F/TN/001/003292/1998
	Voter's ID	LPZ8172314
	Bank Account Number	2310102154
	Name of Bank & Branch	The Kalupur Commercial Co-operative Bank Ltd. Swastik Char Rasta , Ahmedabad.
	% of pre-issue share holding in the Issuer Company	14.61 %
	DIN	01359192

For a detailed profile and information regarding the other directorships held, special achievements and work experience in our line of business of our promoters please refer to "Our Management" beginning on page 97 of this Draft Prospectus.

## Declaration

We confirm that the personal details of our Promoter viz., Permanent Account Number, Bank Account Details and other details have been submitted to the Stock Exchange, at the time of filing of this Draft Prospectus.

Our Promoters, the Group Companies and the relatives of the Promoters have confirmed that they have not been identified as willful defaulters by the RBI or any other governmental authority. Neither (i) the Promoters, the members of the Promoter Group and the Group Companies; nor (ii) the companies with which the Promoters are or were associated as a Promoter, Director or person in control, are debarred or prohibited from accessing the capital market for any reason by the SEBI or any other authority. There are no violations of securities laws committed by our Promoters and the Group Companies in the past or currently pending against them.

Our Promoters are the present promoters of the company and they are in control of the Company since 2004.

## Interest of Promoters in the Company

Our Company is promoted by Mr. Ravi J. Bhandari and Mrs. Rekha R. Bhandari (together referred to as "*Core Promoters*"). At present our Core Promoters hold 3004200 Equity shares of our Company. Our promoters may be deemed to be interested in the promotion of our Company to the extent of shares held by them and also to the extent of shares held by their relatives and group companies. Our Promoters may also benefit from holding directorship in our Company.

Further, save and except as stated otherwise in the chapters titled "*Our Business Overview*", "*Our Management*" and the section titled "*Financial Statements of the Company*" beginning on page 74, 97 and 113 respectively, of this Draft Prospectus, and to the extent of Equity Shares held by them, our Promoters does not have any other interests in our Company as on the date of filing of this Draft Prospectus.

## Payment or benefits to our Promoter during the last two years

Except as stated in the "Annexure XXIII" of the "*Auditors Report*" on page 135 of this Draft Prospectus, there has been no payment or benefits to our Promoter during the last two years from the date of this Draft Prospectus.

## Interest in the property of Company

Except as stated in the "*Our Business Overview – Property*" on pages 85 of this Draft Prospectus respectively, the promoters do not have any interest in any property acquired by our Company within two years preceding the date of this Draft Prospectus or proposed to be acquired by our Company.

## Shareholding of Promoter & Promoter Group:

The Pre-Issue & post-Issue shareholding of our Promoters and our Promoter Group is as follows:

Sr. No.	Name of Shareholder	Pre -Issue		Post- Issue	
		No of Equity Shares	as a % of Issue Equity Shares	No of Equity Shares	as a % of Issue Equity Shares
<b>A</b>	<b>Promoter</b>				
1.	Ravi Jagdish Bhandari	2367000	54.25	2367000	[•]
2.	Rekha Ravi Bhandari	637200	14.61	637200	[•]
	<b>Total (A)</b>	<b>3004200</b>	<b>68.86</b>	<b>3004200</b>	<b>[•]</b>
<b>B</b>	<b>Promoter Group, Relatives and Other Associates acting in Concert</b>				
1.	Ravi Jagdish Bhandari HUF	660000	15.13	660000	[•]
2.	Lolipop Fashions Private Limited	578580	13.26	578580	[•]
	<b>Total (B)</b>	<b>1238580</b>	<b>28.39</b>	<b>1238580</b>	<b>[•]</b>
	<b>Total (A+B)</b>	<b>3664200</b>	<b>97.25</b>	<b>4242780</b>	<b>[•]</b>

## GROUP COMPANIES

The following companies, firms and ventures have been promoted by the Promoter of the Company and are referred to in this Draft Prospectus as the Group Companies. The Group Companies are companies, firms and ventures in which the Promoter (i) exercises control; or (ii) has been named as promoters by such entity in any filing with the stock exchanges in India. We define control as the (a) ownership directly or indirectly of 50% or more of the equity share capital or voting interest of the entity; or (b) power to appoint the majority of the directors or similar governing body of such entity; or (c) power to control the management or policy decisions of the entity, directly or indirectly, including through the exercise of shareholding or management or similar rights or voting arrangements or in any other manner.

Based on the above, there is only one Group Company i.e. Lolipop Fashions Private Limited, and One Partnership Firm M/s A.M. Energy Systems

## DETAILS OF OUR GROUP ENTITIES

The following are the Group Companies. Unless otherwise specifically stated, none of the Group Companies as described below (i) is listed on any stock exchange; (ii) has completed any public or rights issue since the date of its incorporation; (iii) has become a sick company; (iv) is under winding-up; or (v) had a negative net worth as of the date of its last audited financial statements. No application has been made in respect of any of the Group Companies to the relevant Registrar of Companies in whose jurisdiction such Group Company is registered, for striking off its name.

### LOLIPOP FASHIONS PRIVATE LIMITED

**Lolipop Fashions Private Limited** was incorporated at Ahmedabad, vide certificate of incorporation dated December 8, 2011 issued by the Registrar of Companies, Gujarat, Ahmedabad under the provisions of the Companies Act, 1956. The Company was set up with to do the activities relating to Manufacturing and Trading in readymade Garments. The Company registration number is U18109GJ2011PTC068132.

### Shareholding Pattern:

The shareholding Pattern of Lolipop Fashions Pvt. Ltd. as on date of this Draft Prospectus is as follows:

Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
Ravi J. Bhandari	100000	60.28
Rekha R. Bhandari	43400	26.16
By Others/ Corporate Entities	22500	13.56
<b>Total</b>	<b>1,65,900</b>	<b>100</b>

### Board of Directors:

Name	Position
Mr. Ravi J. Bhandari	Present Promoter Director
Mrs. Rekha Ravi Bhandari	Present Promoter Director

## Financial Performance:

(₹ in Lacs)

Particulars	For the Financial Year Ended 31/03/2012
Equity share capital	16.59
Reserves	448.51
Less: Misc. Expenditure Not Written Off	2.09
Net-worth	463.01
Total Income	1.25
PAT/Loss	0.76
EPS ( Weighted Average Per Share)	₹2.30
NAV (Per Equity Shares)	₹278.92
Face Value (Per Equity Shares)	₹ 10/-

## M/S A.M. ENERGY SYSTEMS

The Company has entered as Partner in the Partnership Firm M/s A.M. Energy Systems. The partnership firm consists two partners i.e "M/s Anshu's Clothing Limited" and "M/s Manglaxmi Industries Private Limited" and was incorporated by their Partnership Deed Dated 19<sup>th</sup> December, 2011.

The main object of the partnership firm as stated in partnership deed is as under:-

To generate, produce, manufacture, improve, buy, export, import, sell, use, transmit, accumulate, distribute, develop, protect, supply and to act as agent, consultant, collaborator, or by forming or into any arrangements or otherwise to deal in conventional and non-conventional energy, power in all its branches such as solar power plants, thermal power plants, hydraulic power plants, gas and bio mass plant, sea wave plant, geothermal plant, tide plant, wind power plants, transformers, turbines, blades, switchgears, conductors, semi-conductors, chip inductors, photovoltaic systems, solar energy, cells, batteries, chargers, processors, power supply systems, access control systems, panels, devices and related products including by-products, electrical and electronic items, spares, components and accessories

To make investments in industrial units by subscribing shares, debentures, warrants of listed and unlisted corporate entities

The profit sharing ratio is as under:-

Sr.No.	Name of the Party	Profit / Loss %
1	M/s Anshu's Clothing Limited	25
2	M/s Manglaxmi Industries Private Limited	75
	<b>Total</b>	<b>100</b>

The partnership firm has so far not done any business activities and hence no profit and loss account has been prepared for the year ended 31<sup>st</sup> March, 2012 being first accounting year. The summary statement of assets and liabilities for the year ended 31<sup>st</sup> March, 2012 is as under:-

( ₹ In lacs)

Sr.No.	Particulars	As at 31 <sup>st</sup> March, 2012
	<b>Sources of Funds</b>	
	Partner's Capital Account	450.00
	Reserves & Surplus	Nil
	<b>Total</b>	<b>450.00</b>
	<b>Application of Funds</b>	
	Investments	450.00
	<b>Total</b>	<b>450.00</b>

## Litigation

For details relating to Litigations involving the Promoters and Our Group Companies Entities please refer to "Outstanding Litigations and Material Developments" on Page 148 of this Draft Prospectus.

## Disassociation by the Promoters in the last three years

Except as disclosed below, our Promoters have not disassociated themselves from any of the companies, firms or entities during the last three years preceding the date of this draft prospectus:

Sr. No.	Name of the Company	Name of the Director	Designation	Resignation Date
1.	Roopali Enterprises Private Limited	Ravi Jagdish Bhandari	Director	25.04.2011
2	Roopali Enterprises Private Limited	Rekha Ravi Bhandari	Director	25.04.2011

## Related Party Transactions

Save and except as disclosed in "Annexure XXIII" of the "Auditors Report" on page 135 of this Draft Prospectus, there has been no payment or benefits to our Promoters during the last five years preceding the date of this Draft Prospectus

#### **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders of our Company, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

Our Company has not declared any dividend since inception.

## **SECTION VI – FINANCIAL INFORMATION**

### **AUDITORS' REPORT ON RESTATED FINANCIAL INFORMATION OF ANSHU'S CLOTHING LIMITED (as required by Part II of Schedule II to the Companies Act, 1956)**

To,  
The Board of Directors  
Anshu's Clothing Limited  
F-103, Shivalik Plaza,  
Opp IIM, Atira Road,  
Ahmedabad – 380015  
Gujarat, India

1. At your request, we have examined the attached Restated Statement of Assets and Liabilities of Anshu's Clothing Limited ('the Company') as of March 31,2012, March 31,2011, March 31,2010, March 31,2009 and March 31,2008 and the related Restated Statement of Profit & Loss Accounts and Restated Statement of Cash Flow for the financial years ended March 31,2012, March 31,2011, March 31,2010, March 31,2009 and March 31,2008 ( collectively the 'Restated Summary Statements'). These Restated Summary Statements have been prepared by the Company and approved by the Board of Directors of the Company in connection with the Initial Public Offering (IPO) in SME Platform of Bombay Stock Exchange Limited.
2. This Restated Summary Statements has been prepared in accordance with the requirements of :
  - (a) Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act');
  - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (the SEBI ICDR Regulations,2009) issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments/Clarifications from time to time.
  - (c) The Guidance Note on the Reports in Company Prospectus ( Revised) issued by the Institute of Chartered Accountants of India('ICAI'); and
  - (d) The terms of reference to our engagements with the Company letter Dated 22th June, 2012 requesting us to carry out the assignment, in connection with the Draft Prospectus/ Prospectus being issued by the Company for its proposed Initial Public Offering ('IPO') of equity shares in SME Platform of Bombay Stock Exchange Limited.
  - (e) In terms of Schedule VIII of the SEBI (ICDR) Regulations,2009 and other Provisions relating to accounts of Anshu's Clothing Limited, we, M/s. Loonia & Associates, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the "Peer Review Board" of the ICAI.
3. The Restated Summary Statements of the Company have been extracted by the management from the Audited Financial Statements of the Company for the years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 which have been approved by the Board of Directors.

4. In accordance with the requirements of Paragraph B(1) of Part II of Schedule II of the Act, the SEBI Regulations and terms of our engagement agreed with you, we report that:
  - (a) The 'Restated Statement of Asset and Liabilities' as set out in Annexure I to this report, of the Company as at March 31, 2012, March 31,2011, March 31,2010, March 31,2009 and March 31, 2008 are prepared by the Company and approved by the Board of Directors. This Statement of Asset and Liabilities, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in Annexure -IV to this Report.
  - (b) The 'Restated Statement of Profits and Losses as set out in Annexure II to this report, of the Company as at March 31, 2012, March 31,2011, March 31,2010, March 31,2009 and March 31, 2008 are prepared by the Company and approved by the Board of Directors. This Statement of Profits and Losses Account, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in Annexure -IV to this Report.
  - (c) The 'Restated Statement of Cash Flow' as set out in Annexure III to this report, of the Company as at March 31, 2012, March 31,2011, March 31,2010, March 31,2009 and March 31, 2008 are prepared by the Company and approved by the Board of Directors. This Statement of Cash Flow, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in Annexure -IV to this Report.
5. The Summary Statement of Assets and Liabilities and Profits and Losses, as restated of the Company for the financial year ended 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2008 including the adjustments and regroupings discussed above have been extracted from the Audited financial statements of Anshu's Clothing Limited, which have been audited by M/s Dhariwal & Associates. We have place reliance on such Audited financial statements in preparation of these Restated Summary Statements of Assets and Liabilities and Profits and Losses in respect of the above year since we did not perform the audit for the financial year ended 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2008 in case of Anshu's Clothing Limited.-The Restated Summary Statements of Assets and Liabilities and Profits and Losses, as at and for the financial year ended 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2008 of the Company are based on the financial statements of the Company as at and for the financial year ended 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2008 audited by the previous auditor. The Restated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flow as at and for the years ended March 31,2012 and March 31,2011 are based on financial statements of the Company as at and for the years ended March 31, 2012 and March 31,2011, which have been audited by us.
6. Based on the above, we are of the opinion and we confirm that the Restated Summary Statements have been made, after incorporating:
  - a) Such adjustments / restatements as shown in Notes to Accounts and regrouping as in our opinion are appropriate and are subject to the significant accounting policies and notes to accounts as appearing in this report.
  - b) Adjustments for the material amounts in the respective financial years to which they relate.

- c) There are no extra-ordinary items that need to be disclosed separately in the accounts and qualifications requiring adjustments.
- d) There were no qualification in the Audit Reports issued by the Statutory Auditors for the years ended March 31,2012 , March 31,2011, March 31,2010, March 31,2009 and March 31,2008, which would require adjustments in this Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flow, as restated of the Company.
- e) These Profits and Losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies and Notes to Restated Summary Statements as appearing in Annexure IV to this report.
7. At your request, we have also examined the following Other Financial information relating to the Company proposed to be included in the Draft Offer Document, prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company for the financial years ended March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008.
- |     |          |       |   |
|-----|----------|-------|---|
| (a) | Annexure | V     | Restated Statement of Share Capital;                              |
| (b) | Annexure | VI    | Restated Statement of Reserves and Surplus;                       |
| (c) | Annexure | VII   | Restated Statement of Long Term Borrowings;                       |
| (d) | Annexure | VIII  | Restated Statement of Deferred Tax Liability;                     |
| (e) | Annexure | IX    | Restated Statement of Other Long Term Liabilities;                |
| (f) | Annexure | X     | Restated Statement of Short Term Borrowings;                      |
| (g) | Annexure | XI    | Restated Statement of Trade Payables & Other Current Liabilities; |
| (h) | Annexure | XII   | Restated Statement of Short Term Provisions;                      |
| (i) | Annexure | XIII  | Restated Statement of Non-current Investments;                    |
| (j) | Annexure | XIV   | Restated Statement of Long Term Loans & Advances;                 |
| (k) | Annexure | XV    | Restated Statement of Other Non-Current Assets;                   |
| (l) | Annexure | XVI   | Restated Statement of Trade Receivables;                          |
| (m) | Annexure | XVII  | Restated Statement of Short Term Loans & Advances;                |
| (n) | Annexure | XVIII | Restated Statement of Other Income;                               |
| (o) | Annexure | XIX   | Restated Statement of Finance Cost;                               |
| (p) | Annexure | XX    | Restated Statement of Contingent Liabilities;                     |
| (q) | Annexure | XXI   | Restated Statement of Dividend Paid;                              |
| (r) | Annexure | XXII  | Restated Statement of Capitalization;                             |
| (s) | Annexure | XXIII | Restated Statement of Related Party Transactions;                 |
| (t) | Annexure | XXIV  | Restated Statement of Accounting Ratios;                          |
| (u) | Annexure | XXV   | Restated Statement of Tax Shelters                                |

In our opinion, the other financial information as disclosed in the Annexure to this report as referred to above, read with the respective Significant Accounting Policies and Notes to Restated Summary Statements as set out in Annexure IV and prepared after making the adjustments and regrouping as considered appropriate, have been prepared in accordance with Part II of Schedule II of the Act and SEBI Regulations.

8. In respect of Other Financial Information as referred above in this report, we have relied upon the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2010, 2009 and 2008, which were audited by another firm of Chartered Accountants, as referred to in Paragraph 4 and 5 above.

9. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company in accordance with the provisions of the Companies Act and the Financial Information referred to above is the responsibility of the management of the Company.
10. This report should not be in any way construed as a re-issuance or re-drafting of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. This report is intended solely for your information and for inclusion in the Draft Prospectus/ Prospectus in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose except with our prior written consent.

**For, Loonia & Associates**  
**Chartered Accountants**

**Hitesh Loonia**  
**Proprietor**  
**Membership No. 135424**  
**Firm Reg. No. 130883W**

**Place: Ahmedabad**  
**Date: 9<sup>th</sup> July, 2012**

## ANNEXUE – I SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ In Lacs)

Particulars		As at March 31st				
		2012	2011	2010	2009	2008
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>					
<b>1</b>	<b>Shareholders' funds</b>					
	(a) <u>Share capital</u>	436.28	47.50	45.50	45.50	45.50
	(b) <u>Reserves and surplus</u>	832.00	127.53	31.06	26.29	25.75
	Share application Money pending for allotment	-	-	60.00	-	1.50
<b>2</b>	<b>Non-current liabilities</b>					
	(a) <u>Long-term borrowings</u>	209.60	99.24	56.29	99.18	101.52
	(b) <u>Deferred tax liabilities (Net)</u>	11.17	5.86	-	-	-
	(c) <u>Other Long term liabilities</u>	634.09	221.50	47.00	-	-
<b>3</b>	<b>Current liabilities</b>					
	(a) <u>Short-term borrowings</u>	541.53	299.87	192.53	151.91	132.25
	(b) <u>Trade payables</u>	227.48	154.24	66.18	35.19	14.41
	(c) <u>Other current liabilities</u>	24.00	0.26	-	1.53	0.05
	(d) <u>Short-term provisions</u>	17.85	18.68	2.56	1.93	1.47
	<b>TOTAL</b>	<b>2,934.00</b>	<b>974.68</b>	<b>501.12</b>	<b>361.53</b>	<b>322.45</b>
<b>II.</b>	<b>ASSETS</b>					
<b>1</b>	<b>Non-current assets</b>					
	(a) <u>Fixed assets</u>					
	(i) <u>Tangible assets</u>	221.72	123.46	116.41	120.21	122.84
	(ii) <u>Intangible assets</u>	10.90	-	-	-	-
	(b) <u>Non-current investments</u>	956.50	6.50	6.50	-	-
	(c) <u>Deferred Tax Assets ( Net)</u>			0.00	0.00	0.01
	(d) <u>Long-term loans and advances</u>	219.91	97.38	101.63	12.04	12.19
	(e) <u>Other non-current assets</u>	23.52	20.85	-	-	-
<b>2</b>	<b>Current assets</b>					
	(a) <u>Inventories</u>	607.76	375.35	192.14	164.04	130.95
	(b) <u>Trade receivables</u>	835.40	317.03	75.65	44.07	45.13
	(c) <u>Cash and cash equivalents</u>	32.51	15.85	5.72	19.94	10.28
	(d) <u>Short-term loans and advances</u>	25.80	18.26	3.06	1.24	1.04
	<b>TOTAL</b>	<b>2,934.00</b>	<b>974.68</b>	<b>501.12</b>	<b>361.53</b>	<b>322.45</b>

## ANNEXUE – II SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹ In Lacs)

Particulars		As At 31st March				
		2012	2011	2010	2009	2008
<b>I.</b>	Revenue from operations	2,771.60	1,167.82	1,000.85	162.23	210.90
<b>II.</b>	Other income	7.69	7.21	0.34	0.88	1.00
<b>III.</b>	<b>Total Revenue (I + II)</b>	<b>2,779.29</b>	<b>1,175.03</b>	<b>1,001.19</b>	<b>163.11</b>	<b>211.90</b>
<b>IV.</b>	<b>Expenditure</b>					
	Purchases	2,597.83	1,173.34	939.69	130.41	159.64
	Changes in inventories of finished goods	(232.41)	(183.21)	(28.10)	(33.08)	(10.74)
	Employee benefits expense	20.86	12.82	11.92	6.72	10.57
	Finance costs	112.83	55.99	34.00	32.11	23.30
	Depreciation and amortization expense	8.29	4.17	3.79	4.33	4.69
	Other expenses	199.26	50.58	33.07	21.32	23.35
	<b>Total expenses</b>	<b>2,706.67</b>	<b>1,113.70</b>	<b>994.38</b>	<b>161.81</b>	<b>210.80</b>
<b>V.</b>	<b>Profit Before Tax (III - IV)</b>	<b>72.62</b>	<b>61.33</b>	<b>6.81</b>	<b>1.30</b>	<b>1.10</b>
<b>VI.</b>	<b>Tax expense:</b>					
	(1) Current tax	17.00	17.00	2.05	0.63	0.41
	(2) Fringe Benefit Tax	-	-	-	0.12	0.11
	(3) Deferred tax	5.31	5.86	-	0.01	(0.01)
		22.31	22.86	2.05	0.76	0.51
<b>VII.</b>	<b>Profit (Loss) for the period (V- VI)</b>	<b>50.31</b>	<b>38.47</b>	<b>4.76</b>	<b>0.54</b>	<b>0.59</b>
	Less: Transferred to General Reserve	-	-	-	-	-
	<b>Amount to be transferred to P &amp; L A/c</b>	<b>50.31</b>	<b>38.47</b>	<b>4.76</b>	<b>0.54</b>	<b>0.59</b>

## ANNEXUE – III CASH FLOW STATEMENT, AS RESTATED

(₹ In Lacs)

Sr. No.	Particulars	As On 31st March,				
		2012	2011	2010	2009	2008
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:-</b>					
	<b>Net Profit before Tax as per Profit &amp; Loss Account</b>	<b>72.62</b>	<b>61.33</b>	<b>6.81</b>	<b>1.30</b>	<b>1.10</b>
	Adjusted for:					
	Prior Period Item	(0.06)	(4.63)	0.00	0.00	0.00
	Preliminary & Deferred Revenue Expenses written off	7.18	5.21	0.00	0.00	0.02
	Depreciation and Amortisation Expenses	8.29	4.17	3.79	4.33	4.69
	Interest Income	(7.28)	(2.38)	(0.02)	(0.10)	(0.84)
	Finance Costs	112.83	55.99	34.00	32.11	23.30
		120.97	58.36	37.78	36.34	27.17
	<b>Operating Profit before Working Capital Changes</b>	<b>193.59</b>	<b>119.70</b>	<b>44.59</b>	<b>37.64</b>	<b>28.27</b>
	Adjusted for:					
	Trade Receivables	(518.37)	(241.38)	(31.57)	1.06	(45.13)
	Inventories	(232.41)	(183.21)	(28.10)	(33.08)	(10.74)
	Trade Payable, Other Current Liabilities & Provisions	79.15	87.44	28.04	21.97	(6.70)
		(671.62)	(337.15)	(31.64)	(10.05)	(62.57)
	<b>Cash Generated From Operations</b>	<b>(478.03)</b>	<b>(217.45)</b>	<b>12.95</b>	<b>27.59</b>	<b>(34.30)</b>
	Taxes Paid	(0.73)	(1.23)	0.00	0.00	(0.11)
	<b>Net Cash from Operating Activities</b>	<b>(478.76)</b>	<b>(218.69)</b>	<b>12.95</b>	<b>27.59</b>	<b>(34.42)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:-</b>					
	Purchase of Fixed Assets	(117.40)	(6.58)	0.00	(1.70)	(0.25)
	Purchase/ Sale of Investments	(950.00)	0.00	(6.50)	0.00	8.00
	Movement in Loans & Advances ( Net)	(129.33)	(9.71)	(91.42)	(0.05)	9.63
	Other Non-current assets	(9.85)	(26.06)	0.00	0.00	0.00
	Interest Income	7.28	2.38	0.02	0.10	0.84
	<b>Net Cash ( used in) Investing Activities</b>	<b>(1,199.30)</b>	<b>(39.98)</b>	<b>(97.90)</b>	<b>(1.64)</b>	<b>18.21</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:-</b>					
	Proceeds from Issue of Share Capital	95.93	2.00	0.00	0.00	0.00
	Proceeds from Share Re-issue	2.00	0.00	0.00	0.00	0.00
	Reduction in Share Application Money		(60.00)	60.00	(1.50)	0.00
	Proceeds from Long Term Borrowings ( Net)	110.36	42.95	(42.89)	(2.34)	(2.18)
	Proceeds from Other Long Term Liabilities	412.59	174.50	47.00	0.00	0.00
	Short Term Borrowings ( Net)	241.66	107.33	40.63	19.66	50.27
	Increase in Securities Premium Account	945.01	58.00	0.00	0.00	0.00
	Finance Cost	(112.83)	(55.99)	(34.00)	(32.11)	(23.30)
	<b>Net Cash ( used in)/ from Financing Activities</b>	<b>1,694.73</b>	<b>268.79</b>	<b>70.73</b>	<b>(16.29)</b>	<b>24.79</b>
<b>D.</b>	<b>Net Increase in Cash or Cash Equivalents ( A + B +C )</b>	<b>16.66</b>	<b>10.13</b>	<b>(14.22)</b>	<b>9.66</b>	<b>8.58</b>
<b>E.</b>	<b>Opening Balance of Cash and Cash Equivalents</b>	<b>15.85</b>	<b>5.72</b>	<b>19.94</b>	<b>10.28</b>	<b>1.70</b>
	<b>Closing Balance of Cash and Cash Equivalents ( D + E )</b>	<b>32.51</b>	<b>15.85</b>	<b>5.72</b>	<b>19.94</b>	<b>10.28</b>

**ANNEXURE IV:**

**NOTES TO ACCOUNTS AND ACCOUNTING POLICY**

**1. Notes to accounts for the Profit & Loss Account Restated:-**

**Material Regrouping:-**

a. Up-to the financial year ended 31<sup>st</sup> March, 2010; the Company has been showing Purchase Discount under the head "Other Income" in audited Profit & Loss Account. From Financial Year ended 31<sup>st</sup> March, 2011, the Company had shown the amount directly by deducting the Purchase Account itself in the audited Profit & Loss Account. The summary statement of Profit & Loss Account as Restated for the Financial Year ended 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2008 has been reclassified and shown accordingly.

b. Up-to the Financial Year ended 31<sup>st</sup> March, 2010, the Company has been showing Director Remuneration expenditure under the head "Administrative Exp." in audited Profit & Loss Account. From Financial year ended 31<sup>st</sup> March, 2011, the Company had shown the amount under "Employee Benefit Expense" in Audited Profit & Loss Account. The summary statement of Profit & Loss Account as Restated for the financial year ended 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2008 has been reclassified and shown accordingly.

c. Up-to the financial year ended 31<sup>st</sup> March, 2010; the Company had shown Legal Exp under the head "Financial Expenses" and Interest on Delayed Payment under the head "Administrative Expenses" in audited Profit & Loss Account. From the Financial Year ended 31<sup>st</sup> March, 2012, the Company had shown Legal Exp under the head "Other Expenses" and Interest on Delayed payment under the head "Finance Cost" in audited Profit & Loss Account. The Summary statement of Profit & loss Account as Restated for the Financial year ended 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March 2008 has been reclassified and shown accordingly.

d. For the financial year ended 31<sup>st</sup> March, 2011, the Company had shown Rebate & Discount Expense under the head "Administrative, Selling & Distribution and Other Exp." in audited Profit & Loss Account. From the financial year ended 31<sup>st</sup> March, 2012, the Company had directly deducted Rebate & Discount expenses from the Sales of Product itself in the audited Profit & Loss Account. The summary statement of Profit & Loss Account as Restated for the Financial Year ended 31<sup>st</sup> March, 2011 has been reclassified and shown accordingly.

e. Up-to the financial year ended 31<sup>st</sup> March, 2011; the Company had shown "Prior Period Items" and "Short/ (Excess) Provision Written off/back" after the head/ line "Profit Before Tax" in the audited Profit & Loss Account. From the financial year ended 31<sup>st</sup> March, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956, the Company had shown the same under the head "Other Income" or "Other Expenses" respectively for Debit or Credit Balance by Netting off the same. The summary statement of Profit & Loss Account as Restated for the Financial Year ended 31<sup>st</sup> March, 2011, 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2008 has been reclassified and shown accordingly.

f. Up-to the financial year ended 31<sup>st</sup> March, 2011; the Company has shown Operational/ Direct Expenses, Administrative, Selling & Distribution Expenses under Separate head in the audited Profit & Loss Account respectively. From the financial year ended 31<sup>st</sup> March, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956, the Company had shown the same under the single head "Other Expenses" in Audited Profit & Loss Account. The summary statement of Profit & Loss Account as Restated for the Financial Year ended 31<sup>st</sup> March, 2011, 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2008 has been reclassified and shown accordingly as under:-

g. Net Profit for the year appearing in Profit & Loss Account for the financial year ended 31<sup>st</sup> March, 2009 have been restated due to the head "Previous Year TDS and Income Tax Adj." of ₹ 58876/- as shown in the Audited Profit & Loss account being reduced to ₹ 6466/- which results into increase in the Profit for the year ended 31<sup>st</sup> March, 2009 by ₹ 52420/-.

The Company had shown the Profit for the year ₹ 3010/- in the audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2009. And the Company had increase the Reserves directly in the Audited Balance Sheet under the head "Reserves" for the year ended 31<sup>st</sup> March, 2009 by ₹ 52420/- without giving the said effect in the Profit & Loss account for the year ended 31<sup>st</sup> March, 2009. Thus, the Summary statement of Profit & Loss Account as Restated for the financial year ended 31<sup>st</sup> March, 2009 has been shown in the Profit & Loss Account and reclassified accordingly as under:-

Particulars	For the financial year ended on 31 <sup>st</sup> March 2009
Profit for the year as per Audited Books of Profit & Loss Account	₹ 3010/-
Add: Previous Year TDS and Income Tax Adj as deducted from above in Books	₹58876/-
Less: Previous Year TDS and Income Tax Adj to be deducted as per Profit & Loss Account, Restated	₹ - 6466/-
Profit & Loss Account, As Restated	₹ 55420/-

h. For the financial year ended 31<sup>st</sup> March, 2012, the Company had adopted Revised Schedule VI of the Companies Act, 1956. Thus the summary statement of Profit & Loss Account as Restated for the Financial Year ended 31<sup>st</sup> March, 2011, 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2008 has been reclassified/ regrouped and shown accordingly.

i. Up-to the financial year ended 31<sup>st</sup> March, 2010, the Company had not accounted for provision and expenditure on account of Deferred Tax Liability/ Asset. However to comply with the Accounting Standard – 22 "Accounting for Taxes on Income", the Deferred Tax Liability/ Asset has been calculated and provided as under to arrive Profit / (Loss) in the Profit & Loss Account as Restated.

(Amount In ₹)

Particulars	For the Financial Year ended on		
	31.03.2008	31.03.2009	31.03.2010
Profit for the Period as Per Books	57277	55420	476301
Add/(Less): Deferred Tax Asset/ ( Liabilities)	1458	-1111	0
Profit for the Period, As Restated	58735	54309	476301

## **2. Notes to Accounts for Assets & Liabilities Restated:-**

### **Material Regrouping:-**

a. For the financial year ended 31<sup>st</sup> March, 2008, the Company had shown Share Application Money amounting to ₹150000/- in the audited Balance Sheet under the head "Reserves & Surplus". The same has now been reclassified and shown separately in the Summary statement of Assets & Liabilities as restated under the head "Share Application Money pending for allotment".

b. For the financial year ended 31<sup>st</sup> March, 2008, the Company had shown Advance to suppliers – Debit Balance amounting to ₹ 34400/- in the audited Balance Sheet under the head "Sundry Creditors". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Short Term Loans & Advances".

c. For the financial year ended 31<sup>st</sup> March, 2008, the Company had shown Advance recoverable in cash or in kind amounting to ₹ 290200/- in the audited Balance Sheet under the head "Sundry Debtors". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Long Term Loans & Advances".

d. For the financial year ended 31<sup>st</sup> March, 2008, the Company had shown Bank Fixed Deposit amounting to ₹ 943831/- in the audited Balance Sheet under the head "Deposits, Loans & Advances". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Cash and Cash equivalents".

e. For the financial year ended 31<sup>st</sup> March, 2009, the Company had shown Share Application Money amounting to ₹ 150000/- in the audited Balance Sheet under the head "Reserves & Surplus". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Other Current Liabilities" as the same is to be refunded back.

f. For the financial year ended 31<sup>st</sup> March, 2009, the Company had shown Debit Balance of Bank amounting to ₹ 7505/- in the audited Balance Sheet under the head "Secured Loans". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Cash and Cash equivalents".

g. For the financial year ended 31<sup>st</sup> March, 2009, the Company had shown Bank Fixed Deposit amounting to ₹ 26011/- in the audited Balance Sheet under the head "Deposits, Loans & Advances". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Cash and Cash equivalents".

h. For the financial year ended 31<sup>st</sup> March, 2009, the Company had shown Prepaid Insurance amounting to ₹ 50685/- in the audited Balance Sheet under the head "Deposits, Loans & Advances". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Short Term Loans & Advances".

i. For the financial year ended 31<sup>st</sup> March, 2009, the Company had shown Advance to suppliers- Debit Balance amounting to ₹ 73139/- in the audited Balance Sheet under the head "Sundry Creditors". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Short Term Loans & Advances".

j. The Company had shown the Profit for the year ₹ 3010/- in the audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2009 and transferred the Balance in the Audit Balance Sheet under the head "Reserves & Surplus" for the current period. The Company had increase the Opening Reserves directly in the Audited Balance Sheet under the head "Reserves" for the year ended 31<sup>st</sup> March, 2009 by ₹ 52420/- without giving the said effect in the Profit & Loss account for the year ended 31<sup>st</sup> March, 2009. Thus, the Summary statement of Assets & Liabilities as Restated for the financial year ended 31<sup>st</sup> March, 2009 has been shown in the Statement of Assets & Liabilities and reclassified accordingly as under:-

( Amount In ₹)

Particulars	For the financial year ended on 31 <sup>st</sup> March 2009
Balance carried forward from Profit & Loss Account	3010/-
Add: Previous Year TDS and Income Tax Adj. directly added in the Opening Balance of Reserves & Surplus	52410/-
Balance to be carried forward from Profit & Loss Account, As Restated	55420/-

k. For the financial year ended 31<sup>st</sup> March, 2010, the Company had shown Overdraft Bank Facility amounting to ₹ 20753/- in the audited Balance Sheet under the head "Cash & Bank Balances". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Short Term Borrowings".

l. For the financial year ended 31<sup>st</sup> March, 2010, the Company had shown Vehicle Loan amounting to ₹ 199386/- in the audited Balance Sheet under the head "Current Liabilities & Provision". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Long Term Borrowings".

m. For the financial year ended 31<sup>st</sup> March, 2010, the Company had shown Unsecured Loans taken from NBFC's and Banks amounting to ₹ 1571750/- in the audited Balance Sheet under the head "Current Liabilities & Provision". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Long Term Borrowings - Unsecured".

n. For the financial year ended 31<sup>st</sup> March, 2010, the Company had shown Long Term Loans & Advances amounting to ₹ 1663127/- in the audited Balance Sheet under the head "Sundry Debtors". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Long Term Loans & Advances".

o. For the financial year ended 31<sup>st</sup> March, 2010, the Company had shown Fixed Deposit amounting to ₹ 28098/- in the audited Balance Sheet under the head "Loans & Advances". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Cash & Cash Equivalents".

p. For the financial year ended 31<sup>st</sup> March, 2010, the Company had shown Bank Balance – Dr. Balance amounting to ₹ 6456/- in the audited Balance Sheet under the head "Current Liabilities & Provision". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Cash & Cash Equivalents".

q. For the financial year ended 31<sup>st</sup> March, 2010, the Company had shown Advance to suppliers amounting to ₹ 266812/- in the audited Balance Sheet under the head "Current Liabilities & Provision". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Short Term Loans & Advances".

- r. For the financial year ended 31<sup>st</sup> March, 2010, the Company had shown Loans & Advances amounting to ₹ 750000/- in the audited Balance Sheet under the head "Investment". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Long Term Loans & Advances".
- s. For the financial year ended 31<sup>st</sup> March, 2010, the Company had shown Loans & Advances amounting to ₹ 625000/- in the audited Balance Sheet under the head "Current Liabilities & Provision". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Long Term Loans & Advances".
- t. For the financial year ended 31<sup>st</sup> March, 2010, the Company had shown Current Liabilities amounting to ₹ 239680/- in the audited Balance Sheet under the head "Unsecured Loans". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Current Liabilities".
- u. For the financial year ended 31<sup>st</sup> March, 2010, the Company had shown Sundry Creditors amounting to ₹ 6401/- in the audited Balance Sheet under the head "Unsecured Loans". The same has now been reclassified and shown in the Summary statement of Assets & Liabilities as restated under the head "Trade Payable".
- v. For the financial year ended 31<sup>st</sup> March, 2012, the Company had adopted Revised Schedule VI of the Companies Act, 1956. Thus the summary statement of Assets & Liabilities as Restated for the Financial Year ended 31<sup>st</sup> March, 2011, 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2009 and 31<sup>st</sup> March, 2008 has been reclassified/ regrouped and shown accordingly.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **1. Basis of Accounting**

- The financial statements have been prepared and presented under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("GAAP") and comply with the mandatory Accounting Standards ("AS") as notified as per the Companies Accounting Standards (Rules), 2006 to the extent applicable and with the relevant provisions of the Companies Act, 1956.
- Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

### **2. Use of Estimates:-**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amount of revenues and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized. Any revision to an accounting estimate is recognized prospectively in the year of revision.

### **3. Revenue Recognition :-**

Sale of goods is recognized on dispatch to the customers. Sales shown are inclusive of all taxes. Income/Expenses are accounted for on accrual basis and provisions are made for all known expenditure.

### **4. Fixed Assets:-**

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use. Borrowing cost directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use is capitalized. Expenditure relating to fixed assets is added to cost only when the same involved modification of work and whereby it can increase the life of the assets.

### **5. Depreciation:-**

- Depreciation has been provided on the Straight Line Method at the rate specified in Schedule – XIV of the Companies Act, 1956.
- Depreciation has been provided on pro-rata basis for both assets acquired and sold during the accounting period.

### **6. Inventories:-**

The Finished goods are valued at lower of cost or net realizable value. Consumable Stores & Spares and packing material are written off at the time of purchase itself.

### **7. Investments:-**

Investments of long term nature are valued at cost. The Company had made an investment in Quoted, Un-Quoted Equity shares and in Partnership firm which is been reflected in the Financial Statements. Current investments, if any, are carried at the lower of cost or fair value. Provision for diminution in the value of long – term investments is made only if such a decline is other than a temporary.

## **8. Retirement Benefits:-**

Liability for employee benefits, both short and long term, for present and past services which are due as per terms of employment are recorded in accordance with Accounting Standard (AS) 15 "Employee Benefits" as notified by the Companies (Accounting Standards) Rules, 2006

### **i) Gratuity and Retirement Benefits:-**

The management is of the opinion that since none of the employees of the Company were in continuous service of more than five years and accordingly making provision of the gratuity does not arise. However, if payment on account of gratuity arises due to happening of any incidents as provided under the applicable provisions of the law, the same will be accounted for on cash basis.

### **ii) Provident Fund & Pension:-**

The Provisions of Provident Fund Act and Pension Act are not applicable to the Company.

## **9. Taxes on Income:-**

### **a) Current Tax:-**

The current charge for income tax is calculated in accordance with the relevant provisions as prescribed under the Income Tax Act, 1961.

### **b) Deferred Tax:-**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date.

## **10. Borrowing Cost:-**

Borrowing Cost, if any, is attributable to acquisition or construction of qualifying assets and is capitalized as part of the cost of such assets up to the date when such asset is ready for its intended use. Other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

## **11. Cash Flow Statement:-**

The Company had prepared "Cash Flow Statement" for the year ended 31<sup>st</sup> March, 2012. The "Cash Flow Statement" as per Accounting Standard -3 was not prepared by the Company up to the financial year ending on 31-03-2011 in view of specific provisions i.e. relaxation or exemption applicable to a "Small and Medium Companies".

## **12. Provision, Contingent Liabilities and Contingent Assets:-**

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized in the books of accounts and disclosed as notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

## **13. Impairment of Assets:-**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount

of the assets or the recoverable amount of the cash generating unit to which the assets belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

#### **14. Earnings Per Share:-**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard issued by the Institute of Chartered Accountants of India. Basic earnings per share are computed by dividing the Net Profit for the year by the Weighted Average Number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the Net Profit for the year by Weighted Average Number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where results are anti-dilutive.

#### **15. Miscellaneous Expenditure:-**

a) Preliminary & Deferred Revenue Expenditure :-

Written off over a period of five years or the period over which the benefit of the expenditure is expected to be derived.

#### **16. Segment Reporting:-**

The Company deals in only one reportable segment i.e made-ups of textiles & garments and hence requirement of Accounting Standard 17 "Segment Reporting" issued by ICAI is not applicable.

#### **NOTES ON ACCOUNTS:-**

1. In the opinion of the Board of Directors, Current Assets, Loans and Advances has a value of realization equivalent to the amount at which they are stated in the Balance Sheet. Adequate provisions have been made in the accounts for all the known liabilities.

2. **Earning / Expenditure in Foreign Currency: - Nil**

3. **Micro, Small and Medium Enterprises Development Act, 2006**

Based on the information available with the Company in respect of MSME (as defined in the Micro Small & Medium Enterprise Development Act, 2006) there are no delays in payment of dues to such enterprises during the year.

Companies has send letter to suppliers to confirm whether they are covered under Micro, Small and Medium Enterprises Act, 2006. As on date, the Company has not received confirmation from any suppliers who have registered under the "Micro, Small and Medium Enterprise Development Act, 2006" and hence no disclosure has been made under the said Act. And on the basis of information available with the Company there are no such parties in respect of MSME. This has been relied upon by the auditors.

4. During the F.Y. 2011-12, the Authorised Share Capital of the Company was increased from ₹ 50 lacs (divided into 5 lac equity shares of ₹ 10/- each) to ₹1000.00 Lacs (divided into 100 lacs equity shares of ₹ 10/- each).

5. During the Financial Year 2012-13, the name of the Company was changed from Anshu's Clothing Pvt. Ltd to Anshu's Clothing Limited w.e.f. 20<sup>th</sup> April, 2012 by passing Special Resolution.

6. The Company had declared Bonus shares during the Financial Year 2011-12 in the ratio of 1:2 and accordingly the Company has allotted 29,08,520 Equity shares aggregating to ₹ 2,90,85,200/- out by capitalizing Free Reserve and Securities Premium Account of the Company.

## ANNEXURE V: STATEMENT OF SHARE CAPITAL, AS RESTATED

(₹ in Lacs)

<b>Particulars</b>	<b>As at 31st March 2012</b>		<b>As at 31st March 2011</b>		<b>As at 31st March 2010</b>		<b>As at 31st March 2009</b>		<b>As at 31st March 2008</b>	
	<b>Number</b>	<b>₹</b>	<b>Number</b>	<b>₹</b>	<b>Number</b>	<b>₹</b>	<b>Number</b>	<b>₹</b>	<b>Number</b>	<b>₹</b>
<b>Authorised</b> Equity Shares of ₹ 10/- each	10,000,000	1,000.00	500,000	50.00	500,000	50.00	500,000	50.00	500,000	50.00
<b>Issued</b> Equity Shares of ₹ 10/- each	4,362,780	436.28	495,000	49.50	455,000	45.50	455,000	45.50	455,000	45.50
Less: Calls in Arrears		-		-2.00		-		-		-
		436.28		47.50		45.50		45.50		45.50
<b>Subscribed &amp; Paid up</b> Equity Shares of ₹ 10/- each fully paid	4,362,780	436.28	495,000	47.50	455,000	45.50	455,000	45.50	455,000	45.50
<b>Total</b>	4,362,780	436.28	495,000	47.50	455,000	45.50	455,000	45.50	455,000	45.50

## ANNEXURE VI: STATEMENT OF RESERVE AND SURPLUS, AS RESTATED

(₹ in lacs)

<b>Particulars</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>a. Securities Premium Account</b>					
Opening Balance	78.50	20.50	20.50	20.50	20.50
Add : Securities premium credited on Share issue	945.01	58.00	-		
Less : Premium Utilised for various reasons	-				
Issuing bonus shares	290.85	-			
Closing Balance	732.66	78.50	20.50	20.50	20.50
<b>b. Surplus/ ( Deficit) in Profit &amp; Loss A/c</b>					
Opening balance	49.03	10.55	5.79	5.25	4.66
(+) Net Profit For the current year	50.31	38.47	4.76	0.54	0.59
(-) Transfer to Reserves	-	-	-	-	-
Closing Balance	99.33	49.03	10.56	5.79	5.25
<b>Total ( a + b)</b>	<b>832.00</b>	<b>127.53</b>	<b>31.06</b>	<b>26.29</b>	<b>25.75</b>

**ANNEXURE VII: STATEMENT OF LONG TERM BORROWINGS, AS RESTATED**

(₹ in lacs)

<b>Particulars</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>-</b>					
<b><u>Secured</u></b>					
<b>(a) Term Loan</b>					
Indian Overseas Bank Limited	-	-	-	20.99	35.03
Dena Bank Limited	-	-	9.66	-	-
<b>(b) Other loans and advances</b>					
i) Vehicle Loan	7.95	0.16	1.99	3.62	0.54
(Secured By Vehicle )					
ii) From NBFC					
Religare Finvest Limited	-	58.86	-	-	-
HDB Finance Service Limited	89.95	-	-	-	-
<b><u>Unsecured</u></b>					
<b>(a) Loans &amp; Advances from Directors/ Related Party</b>					
	-	-	-	14.28	16.62
<b>(b) Loans repayable on demand</b>					
i) from banks	8.46	-	33.51	8.56	12.37
ii) from NBFC's	103.25	40.22	11.13	21.93	9.99
iii) From Body Corporate	-	-	-	29.80	26.97
<b>Total</b>	<b>209.60</b>	<b>99.24</b>	<b>56.29</b>	<b>99.18</b>	<b>101.52</b>

**ANNEXURE VIII STATEMENT OF DEFERRED TAX LIABILITY/ ( ASSETS) , AS RESTATED**

(₹ in lacs)

<b>Long Term Borrowings</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>Deferred Tax Liability</b>					
<b>Opening Balance</b>	5.86	-	-	-	-
Related to Fixed Assets	5.31	5.86	-	-	-
	11.17	5.86	-	-	-
<b>Deferred Tax Assets</b>					
<b>Opening Balance</b>		0.00	0.00	0.01	-
Related to Fixed Assets		-	-	-0.01	0.01
		-	-	-	-
<b>Total</b>	<b>11.17</b>	<b>5.86</b>	<b>0.00</b>	<b>0.00</b>	<b>0.01</b>

**ANNEXURE IX: STATEMENT OF OTHER LONG TERM LIABILITIES, AS RESTATED**

(₹ in lacs)

<b>Particulars</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
Security deposits received	634.09	221.50	47.00	-	-
<b>Total</b>	<b>634.09</b>	<b>221.50</b>	<b>47.00</b>	<b>-</b>	<b>-</b>

**ANNEXURE X : STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED**

(₹ in lacs)

<b>Particulars</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>Secured</b>					
<b>(a) Working Capital Loans</b>					
From Banks					
Dena Bank Limited	-	-	192.33	-	-
IndusInd Bank Limited	-	299.87	-	-	-
Development Credit Bank Limited	541.53	-	-	-	-
<b>(b) Overdraft Facility</b>					
From Banks	-	-	0.21	151.91	132.25
<b>Total</b>	<b>541.53</b>	<b>299.87</b>	<b>192.53</b>	<b>151.91</b>	<b>132.25</b>

**ANNEXURE XI: STATEMENT OF TRADE PAYABLE AND OTHER CURRENT LIABILITIES, AS RESTATED**

(₹ in lacs)

<b>Particulars</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>TRADE PAYABLES</b>					
Micro, Small and Medium Enterprises	-	-	-	-	-
Others	227.48	154.24	66.18	35.19	14.41
<b>Total</b>	<b>227.48</b>	<b>154.24</b>	<b>66.18</b>	<b>35.19</b>	<b>14.41</b>
<b>OTHER CURRENT LIABILITIES</b>					
(i) Statutory remittances (VAT Payable)	3.90	-	-	0.02	0.05
(ii) Payables on purchase of fixed assets	14.44	-	-	-	-
(iii) TDS Payable	5.60	0.26	-	0.01	-
(iv) Professional Tax Payable	0.06	-	-	-	-
(v) Application Money received for allotment & due for refund	-	-	-	1.50	-
<b>Total</b>	<b>24.00</b>	<b>0.26</b>	<b>-</b>	<b>1.53</b>	<b>0.05</b>

**ANNEXURE XII: STATEMENT OF SHORT TERM PROVISIONS, AS RESTATED**

(₹ in lacs)

<b>Particulars</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>(a) Provision for employee benefits</b>					
Salary & Reimbursements	0.15	-	-	0.81	-
	0.15	-	-	0.81	-
<b>(b) Others</b>					
(i) Provision for tax	17.00	17.00	2.05	0.63	0.41
(i) Provision for FBT	-	-	-	0.12	0.11
(ii) Provision - others	0.70	1.68	0.51	0.38	0.95
	17.70	18.68	2.56	1.13	1.47
<b>Total (a + b)</b>	<b>17.85</b>	<b>18.68</b>	<b>2.56</b>	<b>1.93</b>	<b>1.47</b>

**ANNEXURE XIII: STATEMENT OF NON-CURRENT INVESTMENTS, AS RESTATED  
( LONG TERM INVESTMENTS)**

(₹ in lacs)

	<b>Particulars</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>A</b>	<b>Trade Investments (Stated At Cost)</b>					
	Investments in partnership firms M/s. A.M. Energy Systems*	450.00	-	-	-	-
	<b>Total</b>	<b>450.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B</b>	<b>Other Investments (Refer B below)</b>					
	Fully paid Equity shares					
	Quoted	6.50	6.50	6.50	-	-
	Un-Quoted	500.00	-	-	-	-
	<b>Total</b>	<b>506.50</b>	<b>6.50</b>	<b>6.50</b>	<b>-</b>	<b>-</b>
	<b>Grand Total (A + B)</b>	<b>956.50</b>	<b>6.50</b>	<b>6.50</b>	<b>-</b>	<b>-</b>
	Less : Provision for dimunition in the value of Investments	-	-	-	-	-
	<b>Total</b>	<b>956.50</b>	<b>6.50</b>	<b>6.50</b>	<b>-</b>	<b>-</b>
	<b>Quoted Investment</b>					
	Book Value	6.50	6.50	6.50	-	-
	Market Value	0.09	50.70	37.70	-	-
	<b>Unquoted Investment</b>					
	Book Value	0.01	-	-	-	-

## ANNEXURE XIV: STATEMENT OF LONG TERM LOANS & ADVANCES, AS RESTATED

(₹ in lacs)

<b>Particulars</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>a. Security Deposits</b>					
Unsecured, considered good	33.95	4.05	-	-	-
Less: Provision for doubtful deposits	-	-	-	-	-
	<b>33.95</b>	<b>4.05</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>b.Others ( Advances recoverable in cash or in kind)</b>					
Unsecured, considered good	185.96	93.33	101.63	12.04	12.19
Less: Provision for doubtful loan & advances	185.96	93.33	101.63	12.04	12.19
<b>Total ( a + b)</b>	<b>219.91</b>	<b>97.38</b>	<b>101.63</b>	<b>12.04</b>	<b>12.19</b>

There are no beneficiaries of Long Term Loans and Advances of the Company who are in any way related to the promoters/ directors/ promoters group of the Company as on 31st March, 2012

## ANNEXURE XV : STATEMENT OF OTHER NON-CURRENT ASSETS, AS RESTATED

(₹ in lacs)

<b>Particulars</b>	<b>As at 31st March 2012</b>	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>	<b>As at 31st March 2008</b>
<b>(a) Unamortised expenses ( to the extent not w/off)</b>					
(i) Deferred Revenue Brand Development Expenditure	15.64	20.85	-	-	-
(ii) Preliminary Expenses	7.88	-	-	-	-
<b>Total</b>	<b>23.52</b>	<b>20.85</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ANNEXURE XVI : STATEMENT OF TRADE RECEIVABLES, AS RESTATED

(₹ in lacs)

<u>Particulars</u>	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009	As at 31st March 2008
Outstanding for a period less than six months from the date they are due for payment					
Unsecured, considered good	835.40	317.03	75.65	38.74	45.13
Less: Provision for doubtful debts	-	-	-	-	-
	835.40	317.03	75.65	38.74	45.13
Outstanding for a period exceeding six months from the date they are due for payment					
Unsecured, considered good	-	-	-	5.34	-
	-	-	-	5.34	-
<b>Total</b>	<b>835.40</b>	<b>317.03</b>	<b>75.65</b>	<b>44.07</b>	<b>45.13</b>

## ANNEXURE XVII : STATEMENT OF SHORT TERM LOANS AND ADVANCES, AS RESTATED

(₹ in lacs)

<u>Particulars</u>	As at 31st March 2012	As at 31st March 2011	As at 31st March 2010	As at 31st March 2009	As at 31st March 2008
<b>(a) Capital Advances</b>					
Unsecured, considered good	10.25	-	-	-	-
<b>(b) Loans and advances to employees</b>					
Unsecured, considered good	1.51	-	-	-	-
<b>(c) Prepaid expenses</b>	0.79	0.22	0.40	0.51	0.58
<b>(d) Advance to suppliers</b>					
Unsecured, considered good	12.52	16.60	2.67	0.73	0.34
<b>(e) Advance income tax / TDS - Unsecured, considered good</b>	0.73	1.23	-	-	0.11
<b>(f) Accruals - Interest accrued on Deposits</b>	-	0.20	-	-	-
<b>Total ( a + b+c+d+e+f)</b>	<b>25.80</b>	<b>18.26</b>	<b>3.06</b>	<b>1.24</b>	<b>1.04</b>

**ANNEXURE XVIII : STATEMENT OF OTHER INCOME, AS RESTATED**

(₹ in lacs)

<b>Particulars</b>	<b>For the year ended 31st March 2012</b>	<b>For the year ended 31st March 2011</b>	<b>For the year ended 31st March 2010</b>	<b>For the year ended 31st March 2009</b>	<b>For the year ended 31st March 2008</b>
Interest Income					
(i) From Banks on Deposits	0.66	0.29	0.02	0.10	0.47
(ii) From Loans & advances	6.62	2.09	-	-	0.36
Other Miscellaneous Income	0.01	0.20	0.32	0.78	0.17
Prior Period Items	0.06	4.63	-	-	-
Excess Provision Written Off	0.34	-	-	-	-
	-	-	-	-	-
<b>Total</b>	<b>7.69</b>	<b>7.21</b>	<b>0.34</b>	<b>0.88</b>	<b>1.00</b>

**ANNEXURE XIX: STATEMENT OF FINANCE COST, AS RESTATED**

(₹ in lacs)

<b>Particulars</b>	<b>For the year ended 31st March 2012</b>	<b>For the year ended 31st March 2011</b>	<b>For the year ended 31st March 2010</b>	<b>For the year ended 31st March 2009</b>	<b>For the year ended 31st March 2008</b>
Interest expense					
(i) Borrowings	80.87	46.45	32.83	30.46	21.52
(ii) On Deposits	8.38	-	-	-	-
(iii) Others	-	-	-	-	-
- Interest on delayed payment	0.12	0.03	0.04	-	0.05
Other borrowing costs - Bank Charges	23.46	9.51	1.13	1.65	1.73
	-	-	-	-	-
<b>Total</b>	<b>112.83</b>	<b>55.99</b>	<b>34.00</b>	<b>32.11</b>	<b>23.30</b>

**ANNEXURE XX : STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED**

The Company do not have any Contingent Liabilities in the year ended on March 31,2012, 2011,2010,2009 and 2008

**ANNEXURE XXI : STATEMENT OF DIVIDEND PAID, AS RESTATED**

The Company had not declared any Dividend till date.

## ANNEXURE XXII: STATEMENT OF CAPITALISATION , AS RESTATED

<u>Particulars</u>	Pre-Issue as at 31st March, 2012	Post Issue*
	₹	₹
<b>Borrowings</b>		
Long Term Borrowings	209.60	209.60
Short Term Borrowings	541.53	541.53
Total Debts	751.13	751.13
<b>Shareholders' Funds</b>		
Equity Share Capital	436.28	[•]
Free Reserves and Surplus	832.00	[•]
Less:		
Miscellaneous Expenditure not written off	-7.88	[•]
<b>Total Shareholders' Funds</b>	<b>1,260.39</b>	[•]
Long Term Borrowings/ Shareholders Funds Ratio	0.17	[•]
Total Debts/ Equity Ratio	0.60	[•]

\* The Post Issue Capitalization Statement assumes that Debt Level of the Company to be same as that of 31st March, 2012

## ANNEXURE XXIII : STATEMENT OF RELATED PARTY TRANSACTIONS, AS RESTATED

### (A) Names of Related Parties :

#### 1. Key Management Personnel:

Mr. Ravi Jagdish Bhandari	Managing Director
Mrs. Rekha Ravi Bhandari	Whole Time Director

#### 2. Relative of Key Management Personnel :

Ravi Bhandari HUF	HUF of Director
Ansh Ravi Bhandari	Son of Directors
Saloni Ravi Bhandari	Daughter of Directors
Jagdish Raj Bhandari	Father of Managing Director
Sayar Jagdish Bhandari	Mother of Managing Director

#### 3. Associates/ Enterprises over which Directors and/or their Relatives having Significant Influence :

Lollipop Fashions Pvt. Ltd.	Common Directors and having Significant Influence
Roopali Enterprises Private Limited	Common Directors upto 25.04.2011

## (B) Details of Related Party Transactions:

(₹ in lacs)

Sr. No.	Nature of Transaction/ Name of Related Party	As on March 31st				
		2012	2011	2010	2009	2008
<b>A</b>	<b>Remuneration Paid</b>					
	Ravi Jagdish Bhandari	6.00	3.00	3.00	-	1.27
	Rekha Ravi Bhandari	6.00	3.00	3.00	-	1.27
<b>B</b>	<b>Advance against Purchase of Property</b>					
	Ravi Jagdish Bhandari	10.25	-	-	-	-
<b>C</b>	<b>Loans &amp; Advances Received/ (Given) and outstanding as on year end</b>					
	Ravi Jagdish Bhandari	-	-	0.06	3.24	6.18
	Rekha Ravi Bhandari	-	-	-0.01	10.73	10.13
	Ravi Bhandari HUF	-	-	-	0.30	0.30
	Roopali Enterprises Private Limited	-	-16.63	-16.63	29.80	26.97
<b>D</b>	<b>Outstanding Balance as on Year End from Trade Receivables</b>					
	Roopali Enterprises Private Limited	-	-	-	-	39.71

## ANNEXURE XXIV : STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

Sr.No.	Particulars	As on March 31st				
		2012	2011	2010	2009	2008
A.	Net Worth as per Balance Sheet (₹ In lacs)	1,244.76	154.18	136.56	71.79	72.75
B.	Profit/(Loss) after Tax as per Balance Sheet	50.31	38.47	4.76	0.54	0.59
C.	Weighted Average Number of Equity Shares outstanding during the Year	3,896,793	1,417,767	1,365,000	1,365,000	1,365,000
D.	Adjusted Earning Per Share (₹) (B/C)	1.29	2.71	0.35	0.04	0.04
E.	Number of Equity Shares outstanding at the end of Year	4,362,780	475,000	455,000	455,000	455,000
F.	Net Assets Value (₹) (A/E)	28.53	32.46	30.01	15.78	15.99
G.	Return on Net Worth (%) (B/A)	4.04%	24.95%	3.49%	0.76%	0.81%

## Notes:-

- 1 An Earning Per Share is Calculated in accordance with Accounting Standards 20 "Earning Per Share" issued by Institute of Chartered Accountants of India. In terms of Para 24 of AS - 20, the number of Equity Shares outstanding before the issue of Bonus Shares is adjusted for the change in number of Equity Shares issued as bonus shares as if the shares were issued at the beginning of earliest reported period.
- 2 During the year ended 31st March,2012 the Company has issued 2908520 bonus issue to the Shareholders in the Ratio of two shares for every one share held by them. Since the Bonus Issue is an issue without consideration, it has been treated as if it had occurred from the beginning of the earliest period and accordingly treated for both purpose of computing EPS and Net Assets Value per Share.
- 3 The above Ratios have been calculated based on Restated Financial Statements.
- 4 The E.P.S. calculated above is not in conformity with Audit Report of respective Financial Year due to change in the calculation of weighted average number of shares as mentioned below:

Financial Year ended on	E.P.S. as per Audit Report (₹)	Adjusted E.P.S. as per Financial Statement Restated (₹)
31.03.2008	0.13	0.04
31.03.2009	0.01	0.04
31.03.2010	1.05	0.35
31.03.2011	7.77	2.71
31.03.2012	1.28	1.29

## Calculation of Weighted Average Number of Shares during the Year

Sr.No.	Particulars	As on March 31st				
		2012	2011	2010	2009	2008
A	Total Number of Equity Share outstanding at the beginning of the year	475,000	455,000	455,000	455,000	455,000
B	<b>Equity Shares issued during the year</b>					
i.	11.08.2010 ( Issue 40,0000 Partly Paid Up Equity Shares of Face Value of Rs. 10/- each and Paid Up Rs. 5/- each )	-	20,000	-	-	-
ii.	02.08.2011 ( Fresh Equity Shares issued of Face Value & Paid Up of Rs. 10/- each)	766,400	-	-	-	-
iii.	24.03.2012 ( Fresh Equity Shares issued of Face Value & Paid Up of Rs. 10/- each)	192,860	-	-	-	-
iv.	28.03.2012 ( Re-issue of 40,000 Partly Paid Up Equity shares on which Rs.5/- per share received which was unpaid)	20,000	-	-	-	-
	<b>Total Equity Shares at the end of the year ( A +B)</b>	<b>1,454,260</b>	<b>475,000</b>	<b>455,000</b>	<b>455,000</b>	<b>455,000</b>
C	Equity Shares in proportion to outstanding days remained during the year	513,273	12,767	-	-	-
D	Bonus Shares issued	2,908,520	950,000	910,000	910,000	910,000

	Weighted Average number of Equity Shares outstanding during the year <b>(A+C+ D)</b>	<b>3,896,793</b>	<b>1,417,767</b>	<b>1,365,000</b>	<b>1,365,000</b>	<b>1,365,000</b>
--	--	------------------	------------------	------------------	------------------	------------------

## Calculation of Net Worth, As Restated in Financial Statements

(₹ in lacs)

Particulars	As on March 31st				
	2012	2011	2010	2009	2008
Share Capital	436.28	47.50	45.50	45.50	45.50
Reserves & Surplus	832.00	127.53	31.06	26.29	25.75
Share Application Money pending for allotment	-	-	60.00	-	1.50
<b>Total</b>	<b>1,268.27</b>	<b>175.03</b>	<b>136.56</b>	<b>71.79</b>	<b>72.75</b>
<b>Less:</b> Miscellaneous Expenditure to the extent not w/off	23.52	20.85	-	-	-
<b>NET WORTH</b>	<b>1,244.76</b>	<b>154.18</b>	<b>136.56</b>	<b>71.79</b>	<b>72.75</b>

## ANNEXURE XXV : STATEMENT OF TAX SHELTER, AS RESTATED

(₹ in lacs)

Particulars	As on March 31st				
	2012	2011	2010	2009	2008
Normal Corporate Tax Rates	30.90%	30.90%	30.90%	30.90%	30.90%
Minimum Alternate Tax Rates	19.06%	18.54%	15.45%	10.30%	10.30%
A.Profit before tax as per Restated Profit & Loss Statement	<b>72.62</b>	<b>61.33</b>	<b>6.81</b>	<b>1.30</b>	<b>1.10</b>
<b>Adjustments</b>					
<b>B. Permanent Difference</b>					
Disallowed u/s 37	-	-	-	-	0.19
Prior Period Item/ Adjustments	-0.00	4.63	-	-	-
Short / Excess Provision Written Off	-0.00	0.04	-	0.00	-
	-	-	-	-	-
Total ( B )	<b>0.00</b>	<b>4.59</b>	<b>-</b>	<b>0.00</b>	<b>0.19</b>
<b>C. Temporary Difference</b>					
Difference between Tax Depreciation and Book Depreciation	18.44	7.87	-	0.01	0.05

Total ( C )	18.44	7.87	-	0.01	0.05
D. Total Income ( A+B+C)	54.17	48.87	6.81	1.31	1.34
E. Net Taxable Income ( Rounded Off)	53.77	48.87	6.81	1.38	1.34
<b>F. Tax Payable as per Normal Tax</b>	<b>17.00</b>	<b>15.00</b>	<b>2.00</b>	-	-
<b>G. Tax as per Minimum Alternate Tax (MAT)</b>	<b>14.00</b>	<b>11.00</b>	<b>1.00</b>	-	-
<b>Total Tax Payable or MAT whichever is higher</b>	<b>17.00</b>	<b>15.00</b>	<b>2.00</b>	-	-
Tax Provision as Profit & Loss A/c , Restated	0.00	0.00	0.00	0.00	0.41
	-	-	-	-	-
Short / (Excess)Tax Provision	-	0.00	0.00	0.00	0.00

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our restated financial statements, including the notes thereto, and other financial data in Chapter titled "Financial Information" beginning on page 126 of this Draft Prospectus. You should also read the sections titled "Risk Factors" and "Forward-Looking Statements" beginning on pages 9 and 8, respectively, of this Draft Prospectus which discuss a number of factors and contingencies that could impact our financial condition and results of operations.

The following discussion is based on our restated financial statements as of and for the fiscal years March 31, 2012, 2011, 2010, 2009 and 2008. Our audited financial statements are prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and the relevant provisions of the Companies Act and restated in accordance with the relevant provisions of the SEBI Regulations and the Companies Act. Our fiscal year ends on March 31 of each year. Unless otherwise stated, "fiscal year" or "fiscal" refers to the twelve month period ending March 31 of that year.

### Overview

Our Company was originally incorporated as "Black Star Products Private Limited" on March 24, 1995 under the Companies Act, 1956 with the Registrar of Companies, Gujarat ('ROC'). The name of Company was subsequently changed to "Maruti Dyechem Private Limited" to diversify its new activities in the field of Dyes and Intermediates and fresh Certificate of Incorporation was obtained from ROC on February 12, 1998. Further the name of the Company was change to "Anshu's Clothing Private Limited" to give effect to the alteration in the Main Object Clause for entering into garment business. Consequent upon conversion into Public Limited Company the name of our Company was changed to "Anshu's Clothing Limited" on April 20, 2012 and a fresh certificate of incorporation was obtained from the Registrar of Companies, Gujarat, Ahmedabad on June 1, 2012.

We are operating in fastest growing and untapped market segment with immense growth opportunities. We are operating in Women's exclusive Ethnic wear, Women's casual wear and Kids wear segment. We mainly deal in the business of designing, trading, contract manufacturing, branding and selling of ready-made apparels under brands promoted in the name of Company and its promoters.

"Anshu's Designer Studio" is the brand promoted by the Company while the other brands "Lolipop only for kiddos" and "Kalamkari" are promoted by Mrs. Rekha Ravi Bhandari and Ravi Bhandari HUF. They are the present promoters of the Company.

The Company is also partner in a Partnership Firm Names M/s A.M. Energy Systems engaged in business to generate conventional and non-conventional energy, power, etc. The Company had entered into the partnership firm vide Dated 19<sup>th</sup> December, 2011

### Significant Developments after year ended 31<sup>st</sup> March, 2012 that affect our future results of Operations

The directors of our Company confirm that in their opinion no circumstances have arisen since the date of the last financial period, which materially and adversely affect or likely to affect the business of our Company, or the value of our assets or our ability to pay our liabilities within the next twelve months except the following:-

#### 1. Change in Credit Facilities offered by Bankers of the Company Development Credit Bank Ltd

The bank had sanctioned additional Cash credit limits of ₹ 150.00 lacs aggregating to ₹ 700.00 lacs vide Sanction Letter Dated 10<sup>th</sup> July, 2012.

Our Company's business is subject to various risks and uncertainties, including those discussed in the section titled "Risk Factors" beginning on page 11 of this Draft Prospectus. Some of the important factors that may affect the results of operations, financial condition and cash flows are discussed in this section.

- Changes in Indian economic or financial conditions
- Client Relationships / Fluctuations in customer base
- Operating Expenses
- Increasing competition in this industry
- Recruitment and Retention of Employees

## OUR RESULTS OF OPERATION

The table below sets forth various items from our Companies Restated Financial Information for last 3 Financial Years  
( ₹ In Lacs)

Particulars	For the Year ended on March 31 <sup>st</sup>		
	2010	2011	2012
<b>Revenue From Operations</b>			
Sale of Products	1,000.85	1,167.82	2,771.60
Growth (%)	516.92%	16.68%	137%
<b>Other Income</b>			
Interest Income	0.02	2.38	7.28
Growth (%)	-80.14%	11342.67%	205.81%
Other Miscellaneous Income	0.32	0.20	0.01
Growth(%)	-58.76%	-37.50%	-96.51%
Prior Period Items & Excess Provision W/off	-	4.63	0.40
<b>Total Income</b>	<b>1,001.19</b>	<b>1,175.03</b>	<b>2,779.9</b>
Growth (%)	513.79%	17.36%	136.53%
<b>Expenditure</b>			
Purchase	939.69	1,173.34	2,597.83
Growth (%)	620.58%	24.86%	121.40%
Change in Inventory of Finished Goods	-28.10	-183.21	-232.41
Growth (%)	-15.05%	551.91%	26.85%
Employee Benefit Expenses	11.92	12.82	20.86
Growth (%)	77.48%	7.52%	62.74%
Finance Cost	34.00	55.99	112.83
Growth(%)	5.89%	64.66%	101.51%
Depreciation and amortization expense	3.79	4.17	8.29
Growth(%)	-12.49%	10.06%	98.71%
Other Expenses	33.07	50.58	199.26
Growth(%)	55.07%	52.98%	293.92%
<b>Total Expenditure</b>	<b>994.38</b>	<b>1,113.70</b>	<b>2,706.7</b>
Growth(%)	514.53%	12.00%	143.03%
Total Expenditure as % of Total Income	<b>99.32%</b>	<b>94.78%</b>	<b>97.39%</b>
<b>Profit Before Tax</b>	6.81	61.33	72.62
Growth(%)	422.79%	800.22%	18.40%
<b>Tax Expenses</b>	2.05	22.86	22.31
Total Tax as % to PBT	30.09%	37.27%	30.72%
<b>Profit /(Loss) for the Period</b>	<b>4.76</b>	<b>38.47</b>	<b>50.31</b>
Growth(%)	777.02%	707.75%	30.76%
Transferred to General Reserve	-	-	-
<b>Net Profit as Restated</b>	<b>4.76</b>	<b>38.47</b>	<b>50.31</b>
Growth(%)	777.02%	707.75%	30.76%
Net Profit as % to Total Income	0.48%	3.27%	1.81%

## Comparison

### **Results for the year ended on 31st March, 2012 as compared to the results for the year ended 31st March, 2011.**

#### **Total Income**

Our Total Income has been increased by ₹ 1604.26 lacs or by 136.53 % from ₹ 1175.03 lacs in Fiscal year 2011 to ₹ 2779.29 lacs, primarily due to increase in our Sales product and addition of one more Brand in Kids wear namely " Lolipop".

#### **Revenue From Operations**

Our Revenue from Sale of Products increased by ₹ 1603.78 Lacs or by 137% from ₹1167.82 Lacs in Fiscal Year 2011 to ₹ 2771.60 lacs, primarily due to increase in our Sales and due to addition of one more Brand in the industry namely " Lolipop".

#### **Other Income**

Our Other Income consists of Interest Income which is increased by 205.81% amounting to ₹ 7.28 lacs as compared to ₹ 2.38 lacs in the Fiscal year 2011. The increase is due to increase in Loans & Advances.

#### **Total Expenditure**

Our Total Expenditure ( including Change in Inventories) has been increased by ₹ 1592.97 lacs or by 143.03 % from ₹ 1113.70 lacs in fiscal year 2011 to ₹ 2706.67 lacs in Fiscal year 2012, primarily due to increase in Purchases, Finance Cost, Other Expenditure, and Change in Inventories and Depreciation. It constituted 97.39% and 94.78% of our Total Income in Fiscal Year 2012 and 2011 respectively.

#### **Purchases**

Our Purchases has been increased by ₹ 1424.49 lacs or by 121.40% from ₹ 1173.34 lacs in Fiscal year 2011 to ₹ 2597.82 lacs in Fiscal year 2012, due to correspondence increase in Sales figure which increased by 137.33% as compared to Fiscal year 2011.

#### **Employee Benefit Expenses**

Our Employee benefit expenses increased by ₹ 8.04 lacs or by 62.74% from ₹ 12.82 lacs in Fiscal year 2011 to ₹.20.86 lacs in Fiscal year 2012, due to increase in salaries paid to employee and due to 100% increase in Director Remuneration by ₹ 3.00 lacs each paid to directors. Employee Benefit expenses has also been increased due to launched of new Brand " Lolipop" in the market.

#### **Finance Cost**

Our Finance Cost expenditure has been increased by ₹ 56.84 lacs or by 101.51 % from ₹ 55.99 lacs in the financial year ended 31<sup>st</sup> March, 2011 to ₹ 112.83 lacs in Financial Year ended on 31st March, 2012. This was primarily on account of increase in our Borrowings by ₹ 352.02 Lacs in financial year ended on 31st March, 2012 as compared to previous year ended on March, 2011. Our Financial Cost constituted 4.06% and 4.77% of our total income in financial year ended on 31st March, 2012 and 2011 respectively.

#### **Depreciation and amortization expense**

Depreciation and amortization expense increased by ₹ 4.12lacs or 98.71% from ₹ 4.17 lacs in Fiscal Year 2011 to ₹ 8.29 lacs in Fiscal Year 2012. This increase was primarily due to addition of Fixed asset by ₹ 117.40 lacs as compared to previous year ended 31st March, 2011.

### Other Expenses

Other Expense increased by ₹ 148.68 lacs or 293.92% from Rs. 50.58 lacs in Fiscal Year 2011 to ₹ 270.67 lacs in Fiscal Year 2012. It Constituted 7.17% and 4.30% of our total income in Fiscal Year 2012 and Fiscal Year 2011 respectively. The Company had started its new brand " Lolipop" from Fiscal year 2012 and advertisement expenditure has also been increased due to the retail sector business and therefore the expenditure on above account increased substantially in financial year 2011-12 in comparison to financial year 2010-11.

### Taxes

Taxes includes Provision for Tax and Deferred Tax Provision. Taxes for the Financial year ended on 31st March, 2012 was ₹ 22.31 lacs as against ₹ 22.86 lacs for Financial Year ended on 31st March, 2011. Taxes charges as a Percentage of Profit Before Tax were 30.72% in Financial Year 2011-12 as compared to 37.27% in Financial Year 2010-11. The percentage of Provision of Tax in F.Y. 2011-12 has been decreased as compared to F.Y. 2010-11 due to higher Depreciation Amount as per Income Tax Act, 1961.

### Profit After Tax

Profit After Tax increased from ₹ 50.30 lacs for the year ended on 31.03.2012 as against to ₹ 38.47 lacs for the year ended on 31.03.2011 registering an increase of 30.76% due to performance. The increase in Profit in F.Y. 2011-12 in comparison to F.Y. 2010-11 is due to higher revenue from operations and this resulted in higher profits in F.Y. 2011-12 as compared to F.Y. 2010-11.

### **Results for the year ended on 31st March, 2011 as compared to the results for the year ended 31st March, 2010.**

#### Total Income

Our Total Income has been increased by ₹ 173.84 lacs or by 17.36 % from ₹ 1001.19 lacs in Fiscal year 2010 to ₹ 1175.03 lacs, primarily due to increase in revenue from operations.

#### Revenue From Operations

Our Revenue from Sale of Products increased by ₹ 166.97 Lacs or by 16.68% from ₹1000.85 Lacs in Fiscal Year 2010 to ₹ 1167.82 lacs, primarily due to increase in our Sales Product. The reason for increase in sales product is due to efforts made by employee and management.

#### Other Income

Our Other Income mainly consists of Interest Income which is increased by 11342.67% amounting to ₹ 2.38 lacs as compared to ₹ 0.02 lacs in the Fiscal year 2010. The increase is due to increase in Loans & Advances as compared to financial year 2009-10.

#### Total Expenditure

Our Total Expenditure ( including Change in Inventories) has been increased by ₹ 119.33 lacs or by 12.00 % from ₹ 994.38 lacs in fiscal year 2010 to ₹ 1113.70 lacs in Fiscal year 2011, primarily due to increase in Purchases, Finance Cost and Other Expenditure. It constituted 94.78% and 99.32% of our Total Income in Fiscal Year 2011 and 2010 respectively.

#### Purchases

Our Purchases has been increased by ₹ 233.65 lacs or by 24.86% from ₹ 939.69 lacs in Fiscal year 2010 to ₹ 1173.34 lacs in Fiscal year 2011. The major reason for increase in purchase was simultaneous increase in revenue from operations, which increased by ₹ 166.97 lacs or 16.68% as compared to Fiscal year 2010.

### **Employee Benefit Expenses**

Our Employee benefit expenses increased by ₹ 0.90lacs or by 7.52% from ₹ 11.92 lacs in Fiscal year 2010 to ₹12.82 lacs in Fiscal year 2011, due to increase in salaries paid to employee.

### **Finance Cost**

Our Finance Cost expenditure has been increased by ₹21.99 lacs or by 64.66% from ₹ 34.00 lacs in the financial year ended 31<sup>st</sup> March, 2010 to ₹ 55.99 lacs in Financial Year ended on 31st March,2011. This was primarily on account of increase in our Borrowings by ₹ 150.28 Lacs in financial year ended on 31st March, 2011 as against the previous year ended on March,2011. Our Financial Cost constituted 4.77% and 3.40% of our total income in financial year ended on 31st March, 2011 and 2010 respectively.

### **Depreciation and amortization expense**

Depreciation and amortization expense increased by ₹ 0.38 lacs or 10.06% from ₹ 3.79 lacs in Fiscal Year 2010 to ₹ 4.17 lacs in Fiscal Year 2011. This increase was primarily due to purchase of Fixed asset of ₹ 6.58 lacs as compared to previous year ended 31st March, 2010.

### **Other Expenses**

Other Expense increased by ₹ 17.52 lacs or 52.98% from ₹ 33.07 lacs in Fiscal Year 2010 to ₹ 50.58 lacs in Fiscal Year 2011. It Constituted 4.30% and 3.30% of our total income in Fiscal Year 2011 and Fiscal Year 2010 respectively. The advertisement expenditure has been increased due to the retail sector business and therefore the expenditure on above account increased substantially in financial year 2010-11 in comparison to financial year 2009-10.

### **Taxes**

Taxes includes Provision for Tax and Deferred Tax Provision. Taxes for the Financial year ended on 31st March,2011 was ₹ 22.86 lacs as against ₹ 2.05 lacs for Financial Year ended on 31st March, 2010. Taxes charges as a Percentage of Profit Before Tax were 37.27% in Financial Year 2010-11 as compared to 30.09% in Financial Year 2009-10.

### **Profit After Tax**

Profit After Tax increased from ₹ 38.47 lacs for the year ended on 31.03.2011 as against to ₹ 4.76 lacs for the year ended on 31.03.2010 registering an increase of 707.75% due to performance. The increase in Profit in F.Y. 2010-11 in comparison to F.Y. 2009-10 is due to higher revenue from operations, reduction in total expenditure cost as % of total income in comparison to previous year and this resulted in higher profits in F.Y. 2010-11 as compared to F.Y. 2009-10.

### **Results for the year ended on 31st March, 2010 as compared to the results for the year ended 31st March,2009.**

#### **Total Income**

Our Total Income has been increased by ₹ 838.07 lacs or by 513.79 % from ₹ 163.11 lacs in Fiscal year 2009 to ₹ 1001.19 lacs, primarily due to increase in revenue from operations.

#### **Revenue From Operations**

Our Revenue from Sale of Products increased by ₹ 838.61 Lacs or by 516.92% from ₹ 162.23 Lacs in Fiscal Year 2009 to ₹ 1000.85 lacs, primarily due to increase in our Sales Product. The reason for increase in sales product is due to efforts made by employee and management.

#### **Other Income**

Our Other Income mainly consists of Interest Income which is decreased by 80.14 % amounting to ₹ 0.02 lacs as compared to ₹ 0.10 lacs in the Fiscal year 2009. The marginal downward resulted due to diversification in other activities by the Company and due to interest free bearing advances.

**Total Expenditure**

Our Total Expenditure ( including Change in Inventories) has been increased by ₹ 832.56 lacs or by 514.53 % from ₹ 161.81 lacs in fiscal year 2009 to ₹ 994.38 lacs in Fiscal year 2010, primarily due to increase in Purchases, Finance Cost and Other Expenditure. It constituted 99.32% and 99.20% of our Total Income in Fiscal Year 2010 and 2009 respectively.

**Depreciation and amortization expense**

Depreciation and amortization expense decreased by ₹ 0.54 lacs or 12.49% from ₹ 4.33 lacs in Fiscal Year 2009 to ₹ 3.79 lacs in Fiscal Year 2010. This decrease was primarily due to depreciation rate.

**Other Expenses**

Other Expense increased by ₹ 11.75 lacs or 55.07% from ₹ 21.32 lacs in Fiscal Year 2009 to ₹ 33.07 lacs in Fiscal Year 2010. It Constituted 3.30% and 13.07% of our total income in Fiscal Year 2010 and Fiscal Year 2009 respectively. The other expenditure has been increased due to the higher sales revenue and due to other miscellaneous expenditure and therefore the expenditure on above account increased substantially in financial year 2009-10 in comparison to financial year 2008-09.

**Taxes**

Taxes includes Provision for Tax and Deferred Tax Provision. Taxes for the Financial year ended on 31st March,2010 was ₹ 2.05 lacs as against ₹ 0.76 lacs for Financial Year ended on 31st March, 2009.Taxes charges as a Percentage of Profit Before Tax were 30.09 % in Financial Year 2009-10 as compared to 58.33% in Financial Year 2008-09.

**Profit After Tax**

Profit After Tax increased from ₹ 4.76 lacs for the year ended on 31.03.2010 as against to ₹ 0.54 lacs for the year ended on 31.03.2009 registering an increase of 777.02% due to performance. The increase in Profit in F.Y. 2009- 10 in comparison to F.Y. 2008-09 is due to higher revenue from operations and this resulted in higher profits in F.Y. 2009-10 as compared to F.Y. 2008-09.

## **FINANCIAL INDEBTNESS**

Our aggregate borrowings as on 31<sup>st</sup> March, 2012 (as per Financial Statements) are as follows:-

( ₹ in Lacs)		
Sr.No.	Nature of Loan	Amount
1	<b>Long Term Borrowings</b>	
	- Secured	97.90
	- Unsecured	111.70
2	<b>Short Term Borrowings</b>	
	- Secured	541.53
	<b>Total</b>	<b>751.13</b>

### **Secured Loans**

Details of the Bank	Particulars	Sanctioned Limit	Outstanding Amount	Security	Interest
<b>Short Term Borrowings</b>					
Development Credit Bank Limited  Address: 601 & 602, Peninsula Business Park, 6 <sup>th</sup> floor, Mumbai-400013	Cash Credit Limit	₹ 550.00Lacs	₹ 541.53 Lacs	<p>Security:- Hypothecation of entire Current assets of the Company including Stock and Book Debts.</p> <p>Collateral Security:</p> <p>4) REM of Commercial Shop no. G 3, Ground Floor, Shivalik Plaza, Opp. AMA, IIM Road, Ahmedabad in the name of Anshu's Clothing Limited.</p> <p>5) REM of commercial shop no. 103, Shivalik Plaza , Opp. AMA, IIM Road, Ahmedabad, in the name of Anshu's Clothing Limited</p> <p>6) Fixed Deposit in the form of RIC of ₹ 8.50 Lacs under Banks Lien.</p> <p>Guarantors:  Mr. Ravi J. Bhandari Mrs. Rekha R. Bhandari</p>	Base Rate + 2.50 i.e. 13.00% p.a (at present Base Rate is 10.50% p.a)
<b>Long Term Borrowings</b>					
HDB Financial Services Limited	Secured Loan	₹93.00 Lacs	₹ 89.95 Lacs	E/4 Nebulla Tower, B/H Galaxy Tower, B/H Grand Bhagwati Hotel, Nr. S.G Highway , Bodakdev, Ahmedabad- 380 058.	13.00 %

Ground Floor, Madhusadan Estate, Pandurang Budhkar Marg, Lower Parel, Mumbai - 400013					
Volkswagen Finance	Vehicle Loan	₹8.90 Lacs	₹7.95 Lacs	Hypothecation of Vehicle	--
	<b>Total</b>	<b>₹ 651.90 Lacs</b>	<b>₹ 639.43 lacs</b>		

## Unsecured Loans

As on 31<sup>st</sup> March, 2012, the Unsecured Loans of our Company aggregated to ₹ 111.70 lacs are as under:-

Sr.No.	Nature of Loan	Amount
1	From Bank	8.45
2	From NBFC's	103.25
	<b>Total</b>	<b>111.70</b>

## Maturity Profile of Unsecured Loans:-

( ₹ In Lacs)

Particulars	Maturity Profile		
	F.Y. 2012-13	F.Y. 2013-14	F.Y. 2014-15
From Bank	5.03	3.42	
From NBFC's	47.94	35.73	19.58

**SECTION VII – LEGAL AND OTHER INFORMATION****OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**

*Our Company certifies except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against the Company, Directors, Promoters and Group Companies, and there are no defaults, nonpayment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company, 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 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, Promoter or Directors. Unless stated to the contrary, the information provided below is as of the date of this Draft Prospectus.*

*Neither the Company nor Promoters, members of the Group Companies, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws omitted by us in the past or pending against us.*

This section has been divided into five parts:

- Part 1 Contingent Liabilities of our Company
- Part 2 Litigation relating to our Company
- Part 3 Litigation against our Directors
- Part 4 Litigation relating to our Promoter and Group Companies
- Part 5 Material Developments

**Part 1 Contingent Liabilities of our Company - NIL****Part 2 Litigation relating to Our Company****A. FILED AGAINST OUR COMPANY**

1. Litigation Involving Civil Laws: NIL
2. Litigation Involving Criminal Laws: NIL
3. Litigation Involving Securities and Economic Laws: NIL
4. Litigation Involving Statutory Laws  
NIL except as under in the past

There was litigation relating to Registration of Charge under Companies Act in the past for which approval was obtained by the Company Law Board .

Our Company has made an application on 4<sup>th</sup> April, 2007, before the Company Law Board, (Western Region Bench), Mumbai, for Condonation of delay in filing the following Charge Documents:

1. Supplemental Letter of Hypothecation of Charge under section 141 of the Companies Act for modification of Charge.

The existing term loan facility provided by Indian Overseas Bank was reviewed and permitted to be run off with existing drawing power and outstanding credit limit was enhanced from ₹25 Lacs to ₹ 60Lacs amounting total credit facility of ₹130 Lacs. The Charge was originally created on 25.01.2006 and was modified on 06.09.2006 which ought to have been filed on or before 06.10.2006 pursuant to section 135 of the Companies Act, 1956 and which was actually filed with ROC, Gujarat on 31.01.2007 with the delay in period from 07.10.2006 to 31.10.2007. The Company Law Board had condoned the delay for filing the charge pursuant to Company's application and extended upto 31.10.2007. Company Law Board had issued order dated 30.07.2007 for condoning the delay and ordered the Company to file form 21 for registration of the order of Company Law Board.

2. Supplemental Memorandum of Deposit of title deeds of Charge under section 141 of the Companies Act for modification of Charge.

The Company was availing the credit facilities from Indian Overseas bank, the existing term loan facility provided by Indian Overseas Bank was reviewed and permitted to be run off with existing drawing power and outstanding credit limit was enhanced from ₹25 Lacs to ₹60Lacs amounting total credit facility of ₹130 Lacs. The Charge was originally created on 27.01.2006 and was modified on 12.09.2006 which ought to have been filed on or before 12.10.2006 pursuant to section 135 of the Companies Act, 1956 and which was actually filed with ROC, Gujarat on 01.02.2007 with the delay in period from 13.10.2006 to 01.02.2007. The Company Law Board has condoned the delay for filing the charge pursuant to Company's application and extended upto 01.02.2007. Company Law Board had issued order dated 30.07.2007 for condoning the delay and ordered the Company to file form 21 for registration of the order of Company Law Board.

5. Litigation Involving Labour Laws: NIL

#### **B. FILED BY THE ISSUER COMPANY**

1. Litigation Involving Civil Laws: NIL
2. Litigation Involving Criminal Laws: NIL
3. Litigation Involving Securities and Economic Laws: NIL
4. Litigation Involving Statutory Laws: NIL
5. Litigation Involving Labour Laws: NIL

### **PART 3 - LITIGATION AGAINST OUR DIRECTORS**

#### **A. Litigations against Directors of the Company: NIL**

#### **B. Cases Filed by Directors of the Company: NIL**

### **PART 4 - LITIGATION RELATING TO OUR PROMOTER AND GROUP COMPANIES**

#### **A. OUR PROMOTER**

1. Litigation against Promoter of the Company: NIL
2. Cases Filed by Promoter of the Company: NIL

#### **B. OUR PROMOTER GROUP**

1. Litigation against Promoter Group of the Issuer Company: NIL
2. Cases Filed by Promoter Group of the Issuer Company: NIL

### **PART 5 – MATERIAL DEVELOPMENTS OCCURING AFTER LAST BALANCE SHEET DATE, THAT IS, MARCH 31, 2012**

Except as stated in the chapter titled "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" beginning on page 140 of the Draft Prospectus and our "*Financial Statements*" included herein, no material developments have taken place after March 31, 2012, the date of the latest balance sheet, that would materially adversely affect the performance of our Company. In accordance with SEBI requirements, our Company and the Lead Manager shall ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange.

## GOVERNMENT & OTHER KEY APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business (as applicable on date of this Draft Prospectus) and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Issue and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Prospectus.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities.

The following statement sets out the details of licenses, permissions and approvals taken by us under various central and state laws for carrying out business

### I. Approvals for the Issue

- a) The Board of Directors have, pursuant to a resolution passed at its meeting held on April 30, 2012 authorized the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act and approvals by such other authorities as may be necessary.
- b) The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Extra-Ordinary General Meeting of the shareholders held on June 4, 2012.
- c) The Company has obtained in-principle listing approvals from the SME Platform of BSE dated [●].
- d) Tripartite agreement between the NSDL, our Company and the Registrar dated **July 16, 2012**.
- e) Tripartite agreement between the CDSL, our Company and the Registrar dated **June 26, 2012**.

### Company related approvals

### II. INCORPORATION

Our Company was originally incorporated as "Black Star Products Private Limited" on March 24, 1995 under the Companies Act, 1956 with the Registrar of Companies, Gujarat ('ROC'). The name of Company was subsequently changed to "Maruti Dyechem Private Limited" to diversify its new activities in the field of Dyes and Intermediates and fresh Certificate of Incorporation was obtained from ROC on February 12, 1998. Further the name of the Company was change to "Anshu's Clothing Private Limited" to give effect to the alteration in the Main Object Clause for entering into garment business. Consequent upon conversion into Public Limited Company the name of our Company was changed to "Anshu's Clothing Limited" on April 20, 2012 and a fresh certificate of incorporation was obtained from the Registrar of Companies, Gujarat , Ahmedabad on June 1, 2012.

Company Identification Number (CIN) U36999GJ1995PLC025177

### III. APPROVALS FOR BUSINESS / GENERAL APPROVALS:

#### Approvals/ Licenses For Which Grant/ Renewals Have Been Applied

1. An application dated **June 9, 2012** has been filed before Income Tax Pan Services Unit , NSDL, 3<sup>rd</sup> Floor , Sapphire Chambers , Near Baner, Telephone Exchange, Banner, Pune-411 045 for change of New Permanent Account Number on Conversion into Public Limited Company. The PAN before conversion is **AABCM3164H**.
2. Tax Identification Number of our company is **AHMM07068F**. We have applied for change of name on conversion to Public Limited Company on June 25, 2012 before Income Tax Pan Services Unit, NSDL, 3<sup>rd</sup> Floor , Sapphire Chambers , Near Baner, Telephone Exchange, Banner, Pune-411 045
3. Application dated July 9, 2012 has been filed for name change after Conversion into Public Limited Company under Gujarat Sales Tax. GST Registration Number of our company is **24073603855**.
4. Application dated July 9, 2012 has been filed for name change after Conversion into Public Limited Company under Central Sales Tax . CST Registration Number of our company is **24573603855**.
5. Application dated July 7, 2012 has been filed for name change after Conversion into Public Limited Company to Ahmedabad Municipal Corporation for Bombay Shop and Establishment Act . Registration Number of our company is PII/VST/09/0000035.
6. An application dated June 6, 2012 had been filed with NSDL and CDSL for ISIN number. The ISIN Number has been allotted from Dated 04.07.2012 and is INE636N01016.
7. Trademark Registration by one of our Promoter Mrs. Rekha R Bhandari for logo "LOLIPOP" only for Kiddos bearing application number 2082547 dated: 10.01.2011 under class 25.
8. Trademark Registration by one of Promoter Group Ravi Bhandari HUF for our logo "KALAMKARI" bearing application number 2363637 dated: 13<sup>th</sup> July, 2012 under class 25.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board of Directors have vide resolution April 30, 2012, Authorised the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.

Our shareholders have, pursuant to a resolution dated June 4, 2012, under Section 81(1A) of the Companies Act, Authorised the Issue.

The Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE. BSE is the Designated Stock Exchange.

### Prohibition by SEBI, the RBI or Governmental Authorities

We confirm that there is no prohibition on our Company, its Directors, Promoters, Promoter Group and Group Companies, from accessing the capital market or operating in the capital markets under any order or direction passed by SEBI.

We further confirm that none of our company, its Promoters, its group companies or the relatives of our promoters and group companies was ever identified as willful defaulters by RBI or other authorities.

### Association with Securities Market

We confirm that none of our Executive Directors are associated with the securities market in any manner. Further, we confirm that, none of our Non-Executive Independent Directors are associated with the securities market in any manner. No action has been initiated against these entities by SEBI at any time.

### Eligibility for the Issue

Our company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations; and this Issue is an "Initial Public Offer" in terms of the SEBI (ICDR) Regulations.

Our company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations; and this Issue is an "Initial Public Offer" in terms of the SEBI (ICDR) Regulations. Our company is eligible for the Issue in accordance with Regulation 106(M)(1) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an issuer whose post issue paid up capital is less than 10 Crores and we may hence issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ( in this case being the "SME Platform of BSE").

### We confirm that:

- a) In accordance with Regulation 106(P) of the SEBI (ICDR) Regulations, this issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the Total Issue Size. *For further details pertaining to said underwriting please refer to "General Information – Underwriting" on page 39 of this Draft Prospectus.*
- b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under Section 73 of the Companies Act.
- c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. *For further details of the arrangement of market making please refer to "General Information – Details of the Market Making Arrangements for this Issue" on page 39 of this Draft Prospectus.*

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

Our Company is also eligible for the Issue in accordance with eligibility norms for Listing on SME Exchange / Platform BSE circular dated April 19, 2012, which states as follows:

1. Net Tangible Assets of at least ₹1 crore as per the latest audited financial results
2. Net worth (excluding revaluation reserves) of at least ₹ 1 crore as per the latest audited financial results.
3. Track record of distributable profits in terms of sec. 205 of Companies Act, 1956 for at least two years out of immediately preceding three financial years and each financial year which is a period of at least 12 months. *Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the networth shall be at least Rs. 3 crores.*
4. The post-issue paid up capital of the company shall be atleast ₹1 crore.
5. The company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.
6. Companies shall mandatorily have a website
7. The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
8. There is no winding up petition against the Company that has been accepted by a Court.

We confirm that we comply with all the above requirements / conditions so as to be eligible to be listed on the SME Platform of the BSE.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, FIRSTCALL INDIA EQUITY ADVISORS PRIVATE LIMITED 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 AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, FIRSTCALL INDIA EQUITY ADVISORS**

**PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED 30<sup>th</sup> July, 2012 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 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 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 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 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 OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE 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 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 PROMOTER' 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 A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**

**11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

**12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS:**

**(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**

**(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

**13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

**14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

**15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

**16) WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY US, IF ANY IN ANNEXURE. THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.**

## Disclaimer Clause of BSE

BSE Limited ("BSE") has given vide its letter dated [●], permission to this company to use its name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter for granting the aforesaid permission to this company. BSE 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 BSE; 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 BSE. Every person who desires to apply for or otherwise acquires any securities in this Company may do so pursuant to independent inquiry, investigations and analysis and shall not have any claim against BSE whatsoever by reason of 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 from our Company and the Lead Manager

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

***For details regarding the track record of the Lead Manager to the Issue, please refer to the website of the Lead Manager: ([www.firstcalleequity.com](http://www.firstcalleequity.com)).***

## Caution

The Lead Manager accept no responsibility, save to the limited extent as provided in the MOU for Issue Management entered into among the Lead Manager and our Company dated 11<sup>th</sup> June, 2012, the Underwriting Agreement dated 28<sup>th</sup> July, 2012 entered into among the Underwriters and our Company and the Market Making Agreement dated 28<sup>th</sup> July, 2012 entered into among the Market Maker, Lead Manager and our Company

All information shall be made available by us and the Lead Manager 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 collection centres or elsewhere.

## Note:

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

## Disclaimer in respect of jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India (who are not minors), Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies

Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. The Prospectus does not, however, constitute an offer to sell or 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 the Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ahmedabad 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. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

## **Disclaimer Clause under Rule 144A of the U.S. Securities Act**

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

## **Filing**

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106(M)(3). However, a copy of this Prospectus shall be filed with SEBI at the Corporate Finance Department, Plot No. C-4A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051.

A copy of this Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC situated at Roc Bhavan , Opp Rupal Park Society, Behind Ankur Bus Stop, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013

## **Listing**

The Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE.

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In- Principle approval of the SME Platform of BSE. However, application shall been made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application 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 the SME Platform of BSE mentioned above are taken within 12 Working Days of the Issue Closing Date.

## Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Statutory/Peer Review Auditors, Bankers to the Company; and (b) the Lead Manager, Market Maker, Escrow Collection Bankers, Registrar to the Issue, the Legal Advisors to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s. Loonia and Associates, Chartered Accountants, Ahmedabad the Auditors of the Company have agreed to provide their written consent to the inclusion of their report dated 9<sup>th</sup> July, 2012 on restated financial statements, Statement of Funds Deployed dated 29<sup>th</sup> July, 2012 and Statement dated 9<sup>th</sup> July, 2012 relating to the possible tax benefits, as applicable, which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consent and reports have not been withdrawn up to the time of delivery of this Draft Prospectus.

## Expert Opinion

The Company has not obtained any opinions from an expert as per the Companies Act.

## Public Issue related expenses

The expenses of this Issue include, among others, underwriting and management fees, Market Making Fees, selling commissions, SCSBs commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees is given below:

Sr. No.	Particulars	Amount (₹ in Lacs)	As a % of Total Issue Expenses	As a % of Total Issue Size
1	Payment to Merchant Banker including fees and reimbursements of Market Making Fees, selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Peer Review Auditors, Registrars, Bankers etc and other out of pocket expenses, if any.	24.25	68.43	4.80
2	Printing & Stationery and Postage Expenses	5.00	14.10	0.99
3	Marketing and Advertisement Expenses	3.00	8.47	0.59
4	Regulatory fees and expenses	2.10	5.93	0.41
5	Other Expenses	1.09	3.07	0.22
	<b>Total</b>	<b>35.44</b>	<b>100%</b>	<b>7.01%</b>

All expenses with respect to the Issue will be borne by the Company.

## Fees, brokerage and selling commission payable to the Lead Manager

The total fees payable to the Lead Manager (including underwriting commission and selling commission) is as stated in the MOU date 11<sup>th</sup> June, 2012, the Underwriting Agreement date 28<sup>th</sup> July, 2012, and the Market Making Agreement dated 28<sup>th</sup> July, 2012, among the Company and the Lead Manager and other parties, a copy of which will be made available for inspection at our Registered Office.

### **Fees payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue, for processing of application, data entry, printing of refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MOU between the Company and the Registrar to the Issue dated 27<sup>th</sup> July, 2012

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, and stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post.

### **Previous rights and public issues**

We have not made any previous rights and public issues, and we are an "Unlisted Company" in terms of the SEBI (ICDR) Regulations and this Issue is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations.

### **Previous issues of Equity Shares otherwise than for cash**

Except as stated in the Section titled "*Capital Structure*" beginning on page 41 of this Draft Prospectus, we have not issued any Equity Shares for consideration other than for cash.

### **Underwriting Commission and Brokerage on Previous Issues**

We have not made any previous public issues. Therefore, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

### **Companies under the same Management**

Except as stated in the section titled "*Our Promoter and Promoter's Group*" beginning on page 107 of this Draft Prospectus, there are no companies under the same management within the meaning of former section 370 (1B) of the Companies Act. No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years.

### **Promise v/s performance**

The Company is an "Unlisted Company" in terms of the SEBI ICDR Regulations, and this Issue is an "Initial Public Offering". Further none of our Group Companies are listed on any Stock Exchange in India or abroad.

### **Outstanding debentures, bonds, redeemable preference shares and other instruments issued by the Company**

The Company has no outstanding debentures or bonds. The Company has not issued any redeemable preference shares or other instruments in the past

### **Stock market data for our Equity Shares**

This being an initial public issue of the Company, the Equity Shares of the Company are not listed on any stock exchange.

### **Mechanism for redressal of investor grievances**

The memorandum of understanding to be entered into by the Registrar to the Issue and us will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant.

We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Board by a resolution on June 5, 2011 constituted a Shareholders/Investors Grievance Committee. The composition of the Shareholders/Investors Grievance Committee is as follows:

Name of the Member	Nature of Directorship	Designation in committee
Mr. Mohjeetkumr M. Chopra	Non-Executive Independent Director	Chairman
Mrs. Nimisha Varun Modi	Non-Executive Independent Director	Member
Mr. Ravi J. Bhandari	Managing Director	Member

For further details, see section titled "*Our Management*" beginning on page 97 of this Draft Prospectus.

We have also appointed Ms. Pooja Gwalani as the Compliance Officer for this Issue and she may be contacted at the registered office of our Company. Her contact details are as follows:

Ms. Pooja Gwalani  
Anshu's Clothing Limited  
F-103, Shivalik Plaza, Near IIM,  
Atira Road, Vastrapur,  
Ahmedabad-380015.

Tel No: +91 79 3007 1919, +91 79 4030 1521

Email : [cs@anshusdesigns.com](mailto:cs@anshusdesigns.com)

Website: [www.anshusdesigns.com](http://www.anshusdesigns.com)

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

## Status of Investor Complaints

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft Prospectus.

## Disposal of investor grievances by listed companies under the same management as the Company

No company under the same management as the Company within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years.

**Change in Auditors**

Except mentioned below there have been no changes in the Company's auditors in the last 3 years.

M/s. Loonia and Associates, Chartered Accountants, Ahmedabad were appointed as Auditors of the Company in place of M/s. Dhariwal & Associates, Chartered Accountants, Ahmedabad by approval of members in the Extra-Ordinary General Meeting dated July 25, 2011.

**Capitalization of reserves or profits**

The details regarding capitalization of reserves are enumerated in the Section titled "*Capital Structure*" beginning on page 41 of this Draft Prospectus. Other than as mentioned therein, we have not capitalised any of our reserves or profits.

**Revaluation of assets**

We have not revalued our assets in the last five years.

## SECTION VIII: ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

*The Equity Shares being offered are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009 our Memorandum and Articles of Association, the terms of the Draft Prospectus, Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.*

#### Authority for the Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on April 30, 2012 authorized the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956 at the Annual General Meeting of the shareholders held on June 4, 2012.

#### 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 in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details, please see the section titled "Main Provisions of the Articles of Association of our Company" on page 184 of this Draft Prospectus.

#### Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 1956. For further details, please see the section titled "Dividend Policy" on page 112 of this Draft Prospectus.

#### Face Value and Issue Price

The Equity Shares having a Face Value of ₹ 10/- each are being offered in terms of this Draft Prospectus at the price of ₹ 27/- per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled "Basis for the Issue Price" on page 54 of this Draft Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- ✓ Right to receive dividend, if declared;
- ✓ Right to attend general meetings and exercise voting rights, unless prohibited by law;
- ✓ Right to vote on a poll either in person or by proxy;
- ✓ Right to receive offer 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 Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please refer to Section titled "*Main Provisions of Articles of Association of our company*" beginning on Page 184 of this Draft Prospectus.

### **Minimum Application Value; Market Lot and Trading Lot**

As per the provisions of the Depositories Act, 1996, the shares of a Body Corporate can be in Dematerialised form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

The investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialised form only.

The trading of the equity shares will happen in the minimum contract size of 4000 equity shares and the same may be modified by the SME Platform of BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 4000 Equity Share subject to a minimum allotment of 4000 Equity Shares to the successful applicants. in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

### **Minimum Number of Allottees**

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 15 days of closure of issue.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

### **Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, 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 of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

In case the allotment of Equity Shares is 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**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten.

If the issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 73 of the Companies Act, 1956.

## **Arrangements for disposal of odd lots**

The trading of the equity shares will happen in the minimum contract size of 4000 equity shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Platform of BSE.

## **Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting**

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer sub-heading "*Main Provisions of the Articles of Association of our company*" on page 184 of this Draft Prospectus.

## **Option to receive Equity Shares in Dematerialized Form**

The investors have an option either to receive the security certificate or to hold the securities with depository. However, as per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialized form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME Platform of BSE.

## **Migration to Main Board**

Our company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- a) If the Paid up Capital of the company is likely to increase above ₹25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- b) If the Paid up Capital of the company is more than ₹10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## Market Making

The shares offered through this issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME Exchange for a minimum period of three years from the date of listing of shares offered through this Draft Prospectus. For further details of the agreement entered into between the Company, the Lead Manager and the Market Maker please refer to "General Information – Details of the Market Making Arrangements for this Issue" on page 39 of this Draft Prospectus.

## New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

## Withdrawal of the issue

The Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

- (i) The final listing and trading approvals of the BSE for listing of equity shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment and
- (ii) The final RoC approval of the Prospectus after it is filed with the RoC.

## Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Ahmedabad, Gujarat, India.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulations under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction

## Issue Programme

<b>ISSUE OPENING DATE</b>	<b>[●]</b>
<b>ISSUE CLOSING DATE</b>	<b>[●]</b>

Applications and revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches.

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue paid up capital is more than ₹10 crores and upto ₹25 crores, may issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an issue please refer chapter titled "*Terms of the Issue*" and "*Issue Procedure*" on page 162 and 168 of this Draft Prospectus.

Following is the issue structure:

*Public issue of 18,72,000 equity shares of ₹ 10/- each (the "equity shares") for cash at a price of ₹ 27/- per equity share (including a share premium of ₹17/- per equity share) aggregating to ₹505.44 lacs ("the issue") by Anshu's Clothing Limited ("ACL" or the "Company" or the "Issuer").*

*The issue comprises a Net Issue to Public of 15,60,000 Equity Shares of ₹10 each ("the Net issue"), and a reservation of 3,12,000 Equity Shares for subscription by the designated market maker ("the Market Maker Reservation Portion").*

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	15,60,000 Equity Shares	3,12,000 Equity Shares
Percentage of Issue Size available for allocation	83.33% of the Issue Size	16.67 % of the Issue Size
Basis of Allotment	Proportionate subject to minimum allotment of 4000 equity shares and further allotment in multiples of 4000 equity shares each.  For further details please refer to " <i>Issue Procedure – Basis of Allotment</i> " on page 173 of this Draft Prospectus.	Firm Allotment
Mode of Application	For QIB and NII Applicants the application must be made compulsorily through the ASBA Process. The Retail Individual Applicant may apply through the ASBA or the Physical Form.	Through ASBA Process Only
Minimum Application Size	<i>For QIB and NII:</i>  Such number of equity shares in multiples of 4000 equity shares such that the Application Value exceeds ₹2,00,000/-	3,12,000 Equity Shares
	<i>For Retail Individuals:</i>  4000 Equity Shares	

Maximum Application Size	<p><i>For QIB and NII:</i></p> <p>Such number of equity shares in multiples of 4000 Equity Shares such that the Application Size does not exceed 15,60,000 equity shares.</p> <p><i>For Retail Individuals:</i></p> <p>Such number of equity shares in multiples of 4000 Equity Shares such that the Application Value does not exceed ₹ 2,00,000/-.</p>	3,12,000 Equity Shares
Mode of Allotment	Dematerialized Form or Physical Form, at the option of the applicant	Dematerialized Form or Physical Form, at the option of the applicant
Trading Lot	4000 Equity Shares	4000 Equity Shares, However the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.	

\* 50 % of the shares offered are reserved for allocation to applications below or equal to ₹ 2 lacs and the balance for higher amount applications.

## Withdrawal of the Issue

Our Company, in consultation with the LM, reserves the right not to proceed with the Issue at any time after the Issue Opening Date but before Allotment. If our Company withdraws the Issue, our Company will issue a public notice within two days, providing reasons for not proceeding with the Issue. The LM, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh draft offer document the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares offered through the Draft Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus.

<b>ISSUE OPENING DATE</b>	[●]
<b>ISSUE CLOSING DATE</b>	[●]

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time).

Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

## ISSUE PROCEDURE

### Fixed Price Issue Procedure

The Issue is being made under Regulation 106(M) (1) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue who shall duly submit to them the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

In case of Non Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Applicants only in dematerialized form. Applicants will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchange.

### Application Form

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Draft Prospectus. Upon completing and submitting the Application Form to the Bankers, the Applicant is deemed to have authorized our Company to make the necessary changes in the Draft Prospectus and the Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Applicant.

ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application Form used by ASBA applicants. Upon completing and submitting the Application Form for ASBA Applicants to the SCSB, the ASBA Applicant is deemed to have authorized our Company to make the necessary changes in the Draft Prospectus and the ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Applicant.

The prescribed color of the Application Form for various categories is as follows:

Category	Color
Indian Public / NRI's applying on a non-repatriation basis (ASBA and Non-ASBA)	White
Non-Residents including eligible NRI's, FIIs, FVCIs, etc. applying on a repatriation basis (ASBA and Non-ASBA).	Blue

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

### Who can apply?

1. Indian nationals resident in India who are not minors in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs would be considered at par with those from individuals;

3. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. 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;
6. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co operative banks (subject to RBI regulations and the SEBI Regulations, as applicable);
7. FIIs registered with SEBI;
8. Venture Capital Funds registered with SEBI;
9. State Industrial Development Corporations;
10. 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;
11. Scientific and/or industrial research organizations authorized to invest in equity shares;
12. Insurance Companies registered with Insurance Regulatory and Development Authority;
13. Provident Funds with minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in equity shares;
14. Pension Funds with minimum corpus of ₹ 250 million and who are authorized under their constitution to hold and invest in equity shares;
15. Foreign Venture Capital Investors registered with SEBI;
16. Multilateral and bilateral development financial institutions;
17. National Investment Fund; and

#### **Applications not to be made by:**

- a. Minors
- b. Partnership firms or their nominations
- c. Foreign Nationals (except NRIs)
- d. Overseas Corporate Bodies

#### **Participation by Associates of LM**

Except for the Underwriting Obligations, the Lead Manager shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the LM may subscribe to or purchase Equity Shares in the Issue, where the allocation is on a proportionate basis.

#### **Availability of Prospectus and Application Forms**

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue, Registrar to the Issue and the collection Centers of the Bankers to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE Limited i.e. [www.bseindia.com](http://www.bseindia.com).

### Option to Subscribe in the Issue

- a. Investors will have the option of getting the allotment of specified securities either in physical form or in dematerialization form.
- b. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

### Application by Indian Public including eligible NRIs applying on Non Repatriation

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non Residents (except for those applying on non repatriation), trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

### Application by Mutual Funds

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 Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.**

**In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual und will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.**

### Applications by Eligible NRIs/FII's on Repatriation Basis

Application Forms have been made available for Eligible NRIs at our registered Office.

Eligible NRI applicants may please note that only such applications 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 form meant for Resident Indians.

Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRI's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRI's on repatriation basis.

Allotment of Equity Shares to Non Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian Tax Laws and regulations and any other applicable laws.

The Company does not require approvals from FIPB or RBI for the Transfer of Equity Shares in the issue to eligible NRI's, FII's, Foreign Venture Capital Investors registered with SEBI and multilateral and bilateral development financial institutions.

## **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 our post Issue issued capital i.e. 10% of 80, 80, 50 Equity Shares). In respect of an FII investing in our equity shares on behalf of its sub accounts, the investment on behalf of each sub account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub account is a foreign corporate or an individual.

In accordance with the foreign investment limits, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

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 may issue, deal or hold, off shore derivative instruments such as participatory notes, equity linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "Know Your Client" requirements. An FII 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.

In case of FII's in NRI/FII Portion, number of Equity Shares applied shall not exceed issue size.

## **Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors**

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

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, whilst 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, 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 investible funds by way of subscription to an initial public offer

**The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.**

## **MAXIMUM AND MINIMUM APPLICATION SIZE**

### **(a) For Retail Individual Applicants**

The Application must be for a minimum of 4000 Equity Shares and in multiples of 4000 Equity Share thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed ₹ 2, 00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed ₹ 2, 00,000.

**(b) For Other Applicants (Non Institutional Applicants and QIBs):**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 200,000 and in multiples of 4000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2, 00,000 for being considered for allocation in the Non Institutional Portion.

**Applicants are advised to ensure that any single Application 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 Draft Prospectus.**

**Applications under Power of Attorney**

In case of Applications 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 of Association and Articles of Association and/ or bye laws must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications 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 Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications 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 Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of ₹ 25 crore (subject to applicable law) and pension funds with minimum corpus of ₹25 crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

**The Company in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that the Company and the LM may deem fit.**

**Information for the Applicants:**

- a) Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
- b) The LM will circulate copies of the Prospectus along with the Application Form to potential investors.
- c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our registered office or from the corporate office of the LM.
- d) Applicants who are interested in subscribing for the Equity Shares should approach the LM or their authorized agent(s) to register their Applications.
- e) Applications made in the Name of Minors and/or their nominees shall not be accepted.

f) Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

## Instructions for Completing the Application Form

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in \ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at Mumbai.

## Applicant's Depository Account and Bank Details

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants 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 dispatch/credit of refunds to Applicants at the Applicants sole risk and neither the LM or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be 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.

## BASIS OF ALLOTMENT

Allotment will be made in consultation with SME Platform of BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than 4000 equity shares the allotment will be made as follows:
  - a) Each successful applicant shall be allotted 4000 equity shares; and
  - b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.

4. If the proportionate allotment to an applicant works out to a number that is not a multiple of 4000 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 4000 equity shares subject to a minimum allotment of 4000 equity shares.
5. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 4000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under the Capital Structure mentioned in this Draft Prospectus.
6. The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below
  - a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
  - b) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retails individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
  - c) The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall/may be made available for allocation to applicants in the other category, if so required.

'Retail Individual Investor' means an investor who applies for shares of value of not more than ₹2,00,000/. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with SME Platform of BSE.

The Executive Director / Managing Director of the SME Platform of BSE, Designated Stock Exchange in addition to Lead Merchant Banker and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

## REFUNDS:

***In case of Applicants 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 Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.***

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves 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 Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Applicants 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 Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.**

**As per the RBI regulations, OCBs are not permitted to participate in the Issue.**

**There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation**

**TERMS OF PAYMENT / PAYMENT INSTRUCTIONS**

The entire issue price of ₹ 27 per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, The Company shall refund the excess amount paid on Application to the Applicants.

Payments should be made by cheque, or 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 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.

A separate Cheque or Bank Draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders / Postal Notes will not be accepted.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application and/ or on allocation/ Allotment as per the following terms:

1. The payment instruments for payment into the Escrow Account should be drawn in favour of:

- Indian Public including eligible NRIs applying on non repatriation basis: "Anshu's Clothing Limited – Public Issue - R".
- In case of Non Resident Retail Applicants applying on repatriation basis: "Anshu's Clothing Limited – Public Issue – NR".

2. In case of Application 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 authorized 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 Applicant applying 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.

3. Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the balance amount payable by the Pay in Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.

4. On the Designated Date and no later than 15 days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

## **Payment by Stock invest**

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003 04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

## **GENERAL INSTRUCTIONS**

### **Do's:**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

### **Don'ts:**

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- Do not send Application Forms by post; instead submit the same to the Selected Branches / Offices of the Banker to the Issue.
- Do not fill up the Application Form such that the Equity Shares applied 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;
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

## **OTHER INSTRUCTIONS**

### **Joint Applications in the case of Individuals**

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### **Multiple Applications**

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked annually for age, signature and father/ husband's name to determine if they are multiple applications.
- ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications
- iii. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

No separate applications for demat and physical is to be made. If such applications are made, the applications for physical shares will be treated as multiple applications and rejected accordingly.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications 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 w.e.f. July 2, 2007. Each of the Applicants 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 Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

## RIGHT TO REJECT APPLICATIONS

In case of QIB Applicants, the Company in consultation with the LM may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants, Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

## Grounds for Rejections

Applicants are advised to note that Applications 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 applied 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;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of The Issue;

- Applications for number of Equity Shares which are not in multiples of (4000);
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of ₹ 2,00,000, received after 5.00 pm on the Issue Closing Date

## Impersonation

Attention of the applicants is specifically drawn to the provisions of sub section (1) of Section 68A of the Companies Act, which is reproduced below:

### "Any person who:

**(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."**

## Signing of Underwriting Agreement

Vide an Underwriting agreement dated 28<sup>th</sup> July, 2012 this issue is 100% Underwritten.

## Filing of the Prospectus with the RoC

The Company will file a copy of the Prospectus with the RoC in terms of Section 56 and Section 60 of the Companies Act.

### **Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one Marathi newspaper with wide circulation.

### **Designated Date and Allotment of Equity Shares**

The Company will issue and dispatch letters of allotment/ securities certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 12 days of the Issue Closing Date.

In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act, 1956 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates.

After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Applicants depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of Allotment.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

Applicants to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within 15 days of closure of Issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as Refund Banker and payable at par at places where applications are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Applicants.

### **PAYMENT OF REFUND**

Applicants must note that on the basis of name of the Applicants, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Applicants 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 dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the LM shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

### **Mode of making refunds**

The payment of refund, if any, would be done through various modes as given hereunder:

- 1) **ECS** (Electronic Clearing System) – Payment of refund would be done through ECS for applicants having an account at any of the centers where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of such centers, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2) **Direct Credit** – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3) **RTGS** (Real Time Gross Settlement) – Applicants having a bank account at any of the centers where such facility has been made available and whose refund amount exceeds ₹ 10.00 lakhs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4) **NEFT** (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code 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 Code 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 and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

5) For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. 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 Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Applicants.

#### **DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY**

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants 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 Exchange within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 15 days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- 1) Allotment of Equity Shares shall be made within 12 (twelve) days of the Issue Closing Date;
- 2) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Issue Closing Date would be ensured; and
- 3) The Company shall pay interest at 15% p.a. for any delay beyond the 12 (twelve) 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 the 15 (fifteen) days time.

## UNDERTAKINGS BY OUR COMPANY

The Company undertakes the following:

- 1) That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
- 3) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- 4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- 5) That the certificates of the securities/ refund orders to the non resident Indians shall be dispatched within specified time; and
- 6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this draft Prospectus are listed or until the Application monies are refunded on account of non listing, under subscription etc.
- 7) The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

## UTILIZATION OF ISSUE PROCEEDS

Our Board certifies that:

- 1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 73 of the Companies Act;
- 2) Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- 3) Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
- 4) Our Company shall comply with the requirements of Clause 52 of the SME Listing Agreement in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

## WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the LM reserves the right not to proceed with the Issue at anytime, including after the Issue Closing Date but before the Board meeting for Allotment, without assigning any reason. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, QIB Applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

## EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- (a) Agreement dated 16<sup>th</sup> July, 2012 between NSDL, the Company and the Registrar to the Issue;  
 (b) Agreement dated June 26, 2012 between CDSL, the Company and the Registrar to the Issue;

The Company's shares bear an ISIN No.INE636N01016

- An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.
- The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
- Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- Names in the 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.
- If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- The Applicant is responsible for the correctness of his or her Demographic Details given in the application Form vis à vis those with his or her Depository Participant.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

## COMMUNICATIONS

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

## ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS

**This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the LM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.**

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

### ASBA Process

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ("ASBA Account") is maintained. The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA.

Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application.

The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be.

The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account.

In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the LM.

ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

#### **Who can apply?**

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

#### **Mode of Payment**

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB.

Application Amount paid in cash, by money order or by postal order or by stock-invest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

#### **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

## SECTION IX MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

### 1. **Table "A" not to apply**

The regulations contained in the Table marked "A" in the First Schedule to the Companies Act, 1956 shall not apply to the Company.

### 2. **Company to be governed by these Articles**

The regulations for the management of the Company and for the governance of the members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by special resolution as prescribed by the Companies Act, 1956, be such as are contained in these Articles.

### 5. **Share capital and variation of rights**

(a) The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and/or Preference Share as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

(b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

### 6. **Shares under the control of the Board**

Subject to the provisions of the Act and these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may allot or otherwise dispose off 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 compliance with the provisions of Section 79 of the Act) at a discount and at such times as it may from time to time think fit and proper and, with the consent of the General Meeting, give to any person the option to call for or be allotted any class of shares of the Company either at par or at a premium or subject as aforesaid at a discount, such option being exercisable at such times and for such consideration as the Board thinks fit.

### 8. **Increase of Capital**

The Company in General Meeting may from time to time increase its share capital by the creation of further share such increase to be of such aggregate amount and to be divided in to share of such respective amount as the resolution shall prescribe subject to the provisions of the Act. The further shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation there of shall direct and if no direction be given as the board shall determine or qualified right to dividends and in the distribution of assets of the company and with a right of voting at General meeting of the company.

**9. Further issue of Capital**

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 share 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 then.

(a) such further shares shall be offered to the persons who are at the date of offer are holders of the equity shares of the company of proportions nearly as circumstances admit to the capital paid up on those shares at that date;

(b) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 days from the date of the offer with in which the offer if not accepted will be deemed to have been declined;

(c) unless the article of the company otherwise provide the offer aforesaid shall be deemed to include a right exercisable by the persons concerned to renounce the shares offered to him or any of them in favour of any other persons and the notice referred to in clause (b) shall contain a statement of this right;

(d) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the persons to whom such notice is given that he declines to accept the shares offered the board of directors may dispose of them in such manner as they think most beneficial to the company.

Notwithstanding anything contained in sub section (1) of section 81 of the Act the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of subsection (1) in any manner whatsoever.

(i) if a special resolution to that effect is passed, by the Company in General Meeting or

(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 resolution moved in that General Meeting (including the casting vote if any of the chairman) by the 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 a the central governments satisfied on an application made by the board of directors in this behalf that the proposal is most beneficial to the Company.

**13. (A) Company's funds may not be applied in purchase of or lent for shares of the Company**

(i) The Company shall not have power to buy its own shares, otherwise then the manner followed under Section 77 (A) of the Act, and unless the consequent reduction of capital is effected and sanctioned in pursuance or Sections 100 to 104 or Section 402 of the Act.

(ii) The Company shall not give whether directly or indirectly and whether by means of a loan, guarantee the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding Company.

Provided that nothing in this clause shall be taken to prohibit:

(a) the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or employment in the Company; or

(b) the making by the Company of loans, within the limit laid down in sub-section (3) of Section 77 of the Act, to persons (other than Directors or Managers) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding Company to be held by themselves by way of beneficial ownership.

(c) No loan mad to any person in pursuance of clause (b) of the foregoing provision shall exceed in amount, his salary or wages at that time for a period of six months.

(d) Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 of the Act.

**13. (B) Buy-Back of Shares**

Subject to the provisions of Section 77A and 77B of the Act and other applicable provisions of the Act and these Articles, the Company may buy-back its own shares or other specified securities out of its own shares or other specified securities out of its free reserves or out of its securities premium account or out of the proceeds of earlier issue other than the fresh issue of shares made specifically for buy-back purpose by passing a Special Resolution in the General meeting of the Company.

**13 (C) Power To Issue Sweat Equity Shares**

The Board shall have a power to issue sweat equity shares in manner and subject to conditions contained in section 79(A) of the Act.

**14. Reduction of Capital**

The Company may subject to the provision of Sections 78, 80, and 100 to 105 and other applicable provisions (if any) of the Act. From time to time by Special Resolution reduce its capital and any capital Redemption reserve account or any share premium account in any manner for the time being authorised by law, and in particular, capital may be paid off on the footing that it may be called up again or otherwise.

**15. Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares**

Subject to the provisions of Section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may,

- (a) Consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;
- (b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares.
- (c) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination.
- (d) cancel, shares which at the date of such general meeting 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 share so cancelled.

Notice to Registrar of Consolidation of Share Capital, Conversion of shares into stocks etc.

(a) If the Company has :

- (i) consolidated and divided its Share Capital into shares of larger amount than its existing shares;
- (ii) converted any shares into stock;
- (iii) reconverted any stock into shares;
- (iv) sub-divided its share or any of them;
- (v) redeemed any redeemable preference shares; or
- (vi) cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act. the Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.

(b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Article or both.

## SHARES AND CERTIFICATES

### 21. Shares to be numbered progressively

The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner here in before mentioned, no share shall be subdivided.

### 22. Directors may allot Shares fully paid-up

Subject to the provisions of the Act, and of these Articles the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares.

### 24. Installment in Shares

If by the terms of issue of any shares or otherwise the whole or any part of the amount or issue price thereof shall be payable by installments at a fixed time, every such installment shall, when due, be paid to the company by the persons who for the time being and from time to time is the registered holder of the shares or his legal representatives.

### 25. Acceptance of Shares

Subject to the provisions of these Articles, any application signed by or behalf of an applicant for shares in the Company followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a member, provided that no share be applied for or allotted to a minor, insolvent or person of unsound mind.

### 29. Share Certificate

Every member or allottee of shares shall be entitled without payment to receive one certificate for all the shares of the same class registered in his name and specifying the name of the person in whose favour it is issued, the share certificate number and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its Letter of its Allotment or its Fractional Coupons of requisite value, save in cases of issues against Letters of Acceptance or for renunciation or in cases of issue of bonus shares PROVIDED THAT if the Letter of Allotment is lost or destroyed the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence. If any member shall require additional certificates he shall pay for each additional certificate (not being in the marketable lot) such sum not exceeding. One Rupee as the Board shall determine. The certificate of title to shares shall be issued under the Seal of the Company in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force

## 35. DEMATERIALISATION OF SECURITIES

### (1) Definitions:

For the purpose of this Articles, unless the context otherwise requires:

(a) 'Beneficial Owner' mean the beneficial owners as defined in clause (a) of subsection (1) of Section 2 of the Depositories Act, 1996:

(b) 'Depository' means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate or registration to act as a depository under the Securities and Exchange Board of India Act, 1992:

(c) 'Security means equity shares, preference shares, debentures, bonds or such security as may be issued by the company from time to time.

(d) 'Shareholder or Member' means the duly registered holder from time to time of the shares of the company and includes every person holding equity and/or preference shares of the company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository.

**(2) Dematerialisation of Securities:**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

**(3) Options for Investors**

Every person subscribing to security offered by the Company shall have the option to receive security certificates or to hold the security in a dematerialised form with a depository. Such a person who is the beneficial owner of the security can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act and Rules, if any, prescribed thereunder, and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his 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 as the beneficial owner of the security.

**(4) Securities in Depositories to be in fungible form**

All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

**(5) Rights of Depositories and Beneficial Owners**

(a) Notwithstanding anything to the contrary contained in the Act or these depository shall be deemed to the registered owner for the purpose of effecting the transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) 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.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the right and benefits and be subject to all the liabilities in respect of his securities which are held by depository.

**(6) Service of Documents**

Notwithstanding anything contained in the Act or these Articles, where securities are held in a depository, the record 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.

**(7) Transfer of Securities**

Nothing contained in Section 108 of the Act or these Articles, shall apply to a transfer of securities effected by transferer and transferee both of whom are entered as beneficial owners in the records of a depository.

**(8) Allotment of Securities dealt with in a Depository**

Notwithstanding anything contained in the Act or these articles, where securities are dealt with in a dematerialised form with a depository, the Company shall intimate the details thereof to the depository immediately on allotment such securities.

**(9) Distinctive Numbers of Securities held in a Depository**

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

**(10) Register and Index of Beneficial Owners**

The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security Holders for the purposes of these Articles.

**(11) Other Matters**

Notwithstanding anything contained in these Articles or the Act, the provisions of Depositories Act, 1996, relating dematerialisation of securities, (including any modification or re-enactment thereof and Rules/Regulations made thereunder) shall prevail and apply accordingly.

**UNDERWRITING AND BROKERAGE**

**37. Power to pay certain commission and prohibition of payment of all other commission, discount etc.**

A company may pay a commission to any person in consideration of—

- (i) His subscribing or agreeing to subscribe whether absolutely or conditionally for any shares in or debentures of the Company subject to the restrictions specified in subsection (4A) of Section 76 of the Act, or
- (ii) His procuring or agreeing to procure subscriptions whether absolute or conditional for any shares in, or debentures of the Company, if the following conditions are fulfilled, namely:
  - (a) The commission paid or agreed to be paid does not exceed in the case of shares, five percent of the price at which the shares are issued and in the case of debentures, two and half percent of the price at which the debentures are issued;
  - (b) the amount or rate percent of the commission paid or agreed to be paid, on shares or debentures offered to the public for subscription, is disclosed in the Prospectus, and in the case of shares or debentures not offered to the public for subscription, is closed in the Statement in lieu of Prospectus and filed before the payment of the commission with the Registrar, and where a circular or notice, not being a Prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;
  - (c) The number of shares or debentures which such persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid; and
  - (d) A copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the Prospectus or the statement in lieu of the Prospectus for registration.

Save as aforesaid and save as provided Section 76 of the Act, the Company shall not allot any of its shares or debentures or apply of its money, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of :

- (1) His procuring or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company; or
- (2) His procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company, or the money be paid out of the nominal purchase money or contract price, or otherwise.

**38. Brokerage may be paid**

The Company may pay a reasonable sum for brokerage on any issue of shares and debentures.

## **CALLS**

### **40. Directors may make Calls**

The Board of Directors may, from time to time, by a resolution passed at a Meeting of the Board (and not by circular resolution) make such calls as it may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at a fixed time, and each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board of Directors. A call may be payable by installments. A call may be postponed or revoked as the Board may determine.

### **41. Calls on shares of the same class to be made on uniform basis**

Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid up, shall not be deemed to fall under the same class.

### **42. Notice of Calls**

One month's notice at least of every call payable otherwise than on allotment shall be given by the Company specifying the time and place of payment, and to whom such call shall be paid, Provided that the Board may at its discretion, postpone, the call or revoke it.

### **43. Calls to date from Resolution**

A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed at a Meeting of the Board of Directors, and may be made payable by the members of the Register of Members on subsequent date to be fixed by the Board.

### **44. Directors may extend time**

The Board of Directors may, from time to time, at its discretion, extend the time fixed for the payment ,of any call, and may extend such time as to all or any of the members, who from residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension: but no member shall be entitled to extension save as a matter of grace and favour.

### **46. Proof of trial in suit for money due on shares**

Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the Company against any member of his representatives for the recovery of any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the of the member in respect of whose shares money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money sought to be recovered its alleged to have become due, of the shares in respect of which such money is sought to be received; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the member or his representatives sued in pursuance of these presents, and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum was present at the Board at which any call was made, nor that the meeting and which any calls was made was duly convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

### **47. Payments in advance of call may carry interest**

The Board may, if it thinks fit, receive from any of the member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called up, and upon the moneys so paid in advance, or upon so much thereof as from time to time and at any time there after exceeds the amount of the calls them made upon and due in respect of the shares on account of the calls them made upon and due in respect of the shares on account of which such advances are made, the Company may pay or allow interest at such rate as the member paying the sum in advance and the Board may agree upon, provided always that at any time after the payment of any such money so paid in advance it shall be lawful for the Board from time to time to repay such member so much of such moneys as shall then exceed the amount of the calls made upon such shares, unless there be an express agreement to the contrary, and after such repayment such members shall be liable to pay and such shares shall be charged with the payment of all further calls as if no such advance had been made. The member making such advance payment shall not, however, be entitled to dividend or participate in profits or to any voting rights in respect of the moneys so paid by him until the same would, but such payment, become presently payable.

## **FORFEITURE, SURRENDER AND LIEN**

### **48. If call or installment not paid, notice may be given**

If any member fails to pay any call or installment of a call in respect of any share on or before the day appointed for the payment of the same the Board may at any time here after, during such time as the call or installment remains unpaid serve a notice on such member or on the persons (if any) entitled to the share by transmission requiring him to pay the same, to gather with any interest that may have occurred and all expenses that may have been incurred by the Company be reason of such non-payment.

### **49. Form of Notice**

The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such money, including the call or installment and such interest and expenses as aforesaid, is to be paid the notice shall also that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the call was made or installment was payable, will be liable be forfeited.

### **50. In default of payment shares to be forfeited**

If the requisitions of any such notice as aforesaid are not complied with any share in respect of which the notice has been given may at any time thereafter, before all the calls or installments and interest and expenses due in respect thereof are paid, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before forfeiture.

### **51. Notice after forfeiture and entry of forfeiture in Register of Members**

When any shares shall have been so forfeited, notice of the resolution shall be given to the members in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members provided however that the failure to give the notice of the shares having been forfeited will not in any way invalidate the forfeiture.

### **52. Forfeited shares to become property of the Company**

Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, allot or otherwise dispose the same in such manner as it thinks fit.

### **53. Power to annul the forfeiture**

The Board may, at any time before any share so forfeited shall have been sold, allotted or otherwise disposed of, annul the forfeiture thereof as a matter of grace and favour but not as of right upon such terms and conditions as it may think fit.

### **54. Arrears to be paid notwithstanding forfeiture**

Any member whose shares shall have been forfeited shall, notwithstanding the forfeiture, be liable to pay, and shall forth with pay to the Company all calls, installment, interest and expenses owing upon or in respect of such shares at the time of the forfeiture to gather with interest thereon from the time of forfeiture until payment as such rate note exceeding fifteen percent per annum as the Board may determine and the Board may endorse the payment of such moneys or any part thereof if it thinks fit, but shall not be under any obligation so to do.

### **55. Effect of forfeiture**

The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company, in respect of the share and all other rights incidental to the share except only such of those rights as are by these Articles expressly saved.

### **56. Proceeds how to be applied**

The net proceeds of any such sale shall be applied in or towards satisfaction of the said debt, liabilities or engagements and the residue (if any) paid to such member, his heirs, executors administrators or assignees.

### **57. Certificate of forfeiture**

A certificate in writing signed by two Directors and countersigned by the Managing Director or the Secretary of the Company that the call in respect of a share was made and notice thereof given, and the default in payment of the call was made and that the forfeiture was made by a resolution of the Board to that effect shall be conclusive evidence of the fact stated therein as against all persons entitled to such share.

**58. Title of purchaser and allottee of forfeited shares**

The Company may receive the consideration, if any, given for the share on any sale, allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of any the person to whom such share is sold, allotted or disposed off may be registered as the holder of the share. Any such purchaser or allottee shall not (unless by express agreement to the contrary) be liable to any calls, amounts, installments interest and expenses owing to the Company prior to such purchases or allotment, nor shall he been titled (unless by express agreement to the contrary) to any of the dividends interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment. Such purchaser or allottee shall not be found to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings with reference to the forfeiture, sale, allotment or disposal of the share.

**59. Partial payment not to preclude forfeiture**

Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipts by the Company of a portion of any money which shall from time to time be due from any member in respect of any share either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from there after proceeding to enforce a forfeiture of such shares as herein provided.

**60. The provisions of these Articles as to forfeiture to apply in case of non-payment of any sum**

The provisions of these Articles as to forfeiture shall apply to the case of non-payment of any sum which by the terms of issue of this share becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

**61. Board may accept surrender of shares**

The Board may at any time subject to the provisions of the Act, accept the surrender of any share from or by any members desirous of surrendering the same on such terms as the Board may think fit.

**62. Company's lien on shares**

The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that Article 33(2) hereof is to have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien if any on such shares. The Board may at anytime declare any shares to be wholly or in part exempt from provisions of this Article.

**63. Enforcing lien by sale**

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made until such time fixed as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his heirs, executors, administrators or other legal representatives, as the case may be, and default shall have been made by him or them in payment fulfillment or discharge of such debts, liabilities or engagements for seven days after the date of such notice.

**64. Application of proceeds of sale**

The net proceeds of any such sale shall be received by the company and applied in or towards satisfaction of the said debts, liabilities or engagements, and the residue, if any shall be paid to such member, his heirs, executors, administrators or other legal representatives as the case may be.

**65. Validity of sales in exercise of lien and after forfeiture**

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Board of Directors may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be enter in the register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after this name has been entered in the Register of Members in respect of such shares the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the company exclusively.

**66. Board of Directors may issue new certificates**

Where any shares under the powers in that behalf herein contained are sold by the Board of Directors after forfeiture or for enforcing a lien the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall voluntarily or on demand by the Company, have been previously surrendered to the Company by the defaulting member) stand cancelled and become null and void and of no effect and the Board of Directors may issue new certificate or certificates for such shares distinguishing it or them in such manner as it may think fit from of said shares.

**67. Money due from the Company may be set off against money due to the Company**

Any money due from the Company to a member may, without the consent and notwithstanding the objection of such member, be applied by the Company in or towards the payment of any money due, from him to the Company for calls or otherwise.

## **TRANSFER AND TRANSMISSION OF SHARES**

**68. Register of Transfer**

The Company shall keep a book to be called the Register of Transfers and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

**69. Execution of Transfer**

Subject to the provisions of the Act, and these Articles, no transfer of shares in, or debentures of the Company shall be registered, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any of the transferee has been delivered to the company along with the certificate is in existence, along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof. Shares of different classes shall not be included in the same instrument of transfer.

**70. Form of Transfer**

The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act and any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and of the registration thereof.

**71. The Board May decline to register transfer**

(1) The Board may, subject to the right of appeal conferred by Section 111 of the Act, by giving reasons decline to register or acknowledge any transfer of any shares in the Company to any person of whom it does not approve and in particular, may so decline in any case in which the Company has lien upon the shares or any of them. The registered of a transfer shall be conclusive evidence of the approval by the Board of the transferee but so far only as regards the share or shares in respect of which the transfer is so registered and not further or otherwise and not so as to debar the Board from declining to register any subsequent or other transfer or other shares applied for in the name of such transferee.

(2) Registration of a 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 on any account whatsoever, except a lien on shares.

**72. Transfer to minors**

(a) Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian.

(b) No transfer shall be made to a person of unsound mind.

## **73. Transfer of shares**

(1) An application for the registration of a transfer of shares may be made either by the transfer or by the transferee.

(2) Where the application is made by the transferrer and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

(3) For the purpose of clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

(4) If the Company refuses to register the transfer of any shares of transmission of right therein, the Company shall within one month from the date on which the instruments of transfer, or the intimation of transmission as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferer or to the person giving intimation of such transmission as the case may be.

(5) Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.

(6) Transfer of shares / Debentures in whatever lot should not be refused. However, there should be no objection to the Company refusing to split a share Debenture certificate in to several scrips of very small denominations or to consider a proposal of transfer of share/Debenture comprised in a Shares /Debenture Certificate to several parties involving such splitting, if on the face of it such splitting /transfer appears to be unreasonable or without a genuine need. Except as above, a Company should not refuse to transfer of shares /Debentures in violation of Stock Exchange listing requirements on the ground that the number of shares /Debentures to be transferred is less than any specified number.

## **74. Transfer to be left at office as evidence of title given**

Every instrument of transfer duly executed and stamped shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferrer or his right to transfer the shares.

## **75. When transfer to be retained**

All instruments of transfer which are registered shall be retained by the Company; but any instrument of transfer which the Board declines to register shall on demand be returned to the person depositing the same. The Board may cause to be destroyed all transfer deeds lying with the Company after such period not being less than six years as it may determine.

## **76. Transfer Books when closed**

The Board may after giving not less than seven day's previous notice by advertisement as required by Section 154 of the Act, close the Register of Members or Register of Debentures holder for any periods not exceeding in the aggregate, 45 (forty-five) days in each year, but not exceeding 30 days at any one time.

## **77. Death of one or more joint holders of shares**

In the case of death of any one or more of the persons, named in the Register of Members as joint shareholders of any share, the survivors shall be the only persons in such shares, but nothing herein contained shall be taken to release the estate of a joint shareholder from any liability to the Company on shares held by him jointly with any other person.

## **78. Title to shares of deceased holder**

Subject to Article 75, the heir, executor or administrator of a deceased share holder shall be the only person recognised by the Company as having any title to his shares and the Company shall not be bound recognise such heir, executor or administrator unless such heir, executor or administrator shall have first obtained probate or letter of administration or succession certificate.

## **79. Board may refuse to transmit**

Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence as the Board thinks sufficient, either be registered himself as the holder of the share 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 to his nominee an instrument of transfer to the share in accordance with the provisions herein contained and until he does so he shall be freed from any liability in respect of the share.

## **80. Board may require evidence of transmission**

The Board shall, subject to the provisions of Article 69 hereof, have the same right to refuse on legal grounds to register a person entitled by transmission to any share, or his nominee, as if he were the transferee named in any ordinary transfer presented for registration.

## **81. Transfer legal representation**

Every transmission of share shall be verified in such manner as the Board may require and, if the Board so desires, be accompanied by such evidence as may be thought necessary and the Company may refuse to register any such transmission until the same be so verified or requisite evidence produced or until or unless an indemnity be given to the Company with regard to such registration which the Board at its absolute discretion shall consider sufficient, provided nevertheless, that there shall not be any obligation on the Company or the Board to accept any indemnity.

## **82. Certificate of Transfer**

A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

## **83. The Company not liable for disregard of a notice prohibiting registration of a transfer**

The certification by the Company of any instrument of transfer of shares in or debentures of the Company, shall be taken as representation by the Company to any person acting on the faith of the certification that there have been produced to the Company such documents as on the face of them show a prima facie title to the shares or debentures in the transferer named in the instrument of transfer but not as a representation that the transferer has only title to the shares or debentures.

84. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of transmission of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Member to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares, not with standing that the Company may have had notice of such equitable right, title or interest, or notice prohibiting registration of such transfer and may have entered such notice or referred there to in any book of the Company, and the Company shall not be bound or required to regard or attend to give effect to any notice which may be given to for any equitable right title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some books of the Company but the Company shall never the less be at liberty to regard and attend to any such notice and give effect thereto if Board shall so think fit.

85. The Company shall not charge any fees:

(a) For registration of transfer and transmission of shares and debentures;

(b) For sub-division and/or consolidation of shares and/or consolidation of shares and/or debenture certificates and for subdivision of letters of allotment and split, consolidation, renewal and pucca transfer certificate of death or marriage receipts into denominations corresponding to the market units of trading;

(c) For sub-division of renounceable letter of Right;

(d) For issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised;

(e) For registration of any Power of Attorney, Probate, succession certificate, Letters of Administration, or similar other documents.

The Company shall not charge any fees exceeding those which may be agreed upon with the Stock Exchange:

(i) For issue of new certificates in replacement of those that are torn, defaced, lost or destroyed;

(ii) For sub-division of letters of allotment and split, consolidation, renewal or pucca receipts into denominations other than those fixed for the market units of trading.

86. The Directors shall have discretion (which they may exercise from time to time and for any period of time) not to charge any fee in respect of the transfer or transmission of share, and the Director shall also comply with rules, regulations of stock exchange or the statute concerned.

## **JOINT HOLDERS**

### **87. Board may refuse transfer to more than four names**

Subject to the provisions of the Act, the Board may refuse to transfer a share or shares in the joint names of more than four persons.

### **88. Joint holders**

Where more than one person is registered as the holder of any share the person first named in the Register of Members as one of the joint holders of a share shall be deemed the share holder for matter connected with the Company subject to the following and other provisions contained in these Article.

### **Joint and several liabilities for full payment in respect of shares**

(a) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.

### **Title of survivors**

(b) On the death of any such joint holder the survivor or survivors shall be the only persons recognised by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

### **Effectual receipts**

(c) Any one of several persons who is registered as holder of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.

### **Delivery of certificate and giving of notice to first named holder**

(d) Only the person whose names stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificates relating to such share or to receive documents (which expression shall be deemed to include all documents referred to in Article 32 of the company and any document served on or sent to such person shall be deemed service on all the joint holders.

### **Votes of joint holders**

(e) Any one or two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register of Members in respect of such shares shall alone be entitled to vote in respect thereof but the others of the joint holders shall be entitled to be present at the meeting, provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by attorney or by proxy stands first of higher (as the case may be) in the register in respect of such shares. Several

executors or administrators of a deceased member in whose (deceased member's) sole name any shares stand shall, for the purpose of this Article be deemed joint holders.

## MEETING OF MEMBERS

91. (a) Subject to section 166 of the Act, the company shall each year hold in addition to any other meetings a general Meeting as its Annual General Meeting and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the company and that of the next, subject however to the right of the register under the Act to extend the time within which any annual general Meeting may be held

(b) Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday and shall be held either at the Registered Office of the Company or at some other place within the city or town or village in which the Registered Office of the Company is situated.

92. The company shall in accordance with Section 159 of the Act, within sixty days from the day on which the Annual General Meeting is held, prepare and the file with the Registrar a return in the form set out in Part II of Schedule V to the Act or as near as thereto as the circumstances shall admit and containing the particulars specified in Part I of the said Schedule V together with three copies of the Balance Sheet and the Profit and Loss Account laid before the Annual General Meeting in accordance with Section 210 of the Act.

### 93. **Distinction between Annual General Meeting and Extraordinary General Meeting**

The General Meeting referred to in Article 91 shall be called and styled as an Annual General Meeting and all meetings other than the Annual General Meeting shall be called Extraordinary General Meetings.

### 94. **Calling of Extraordinary General Meeting**

The Board may, whenever it thinks fit, call an Extraordinary General Meeting of the Company and it shall on the requisition of the holders of not less than one tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the provisions of Section 169 of the Act shall apply. No shareholder or shareholders shall call a Meeting of the Company except by or upon a requisition as herein provided.

### 95. **Length of notice for calling meeting**

(1) A General Meeting of the Company may be called by giving not less than twentyone day's notice in writing.

(2) A General meeting may be called after giving shorter notice than that specified in sub- clause (1) hereof if consent is accorded thereof.

(i) in the case of an Annual General Meeting, by all the members entitled to vote thereat, and

(ii) in the case of any other Meeting by members of the Company holding not less than ninety-five per cent of such part of the paid up share capital of the Company as gives a right to vote at that meeting

Provided that where any members of the Company are entitled to vote on some resolution or resolutions to be moved at the Meeting and not on the others, those members shall be taken into account for the purpose of this sub-clause in respect of the former resolution or resolutions and not in respect of the latter.

### 96. **Contents & manner of service of notice & persons on whom it is to served**

(1) Every notice of the Meeting of the Company shall specify the place and the day and hour of the Meeting, and shall contain an statement of the business to be transacted thereat.

(2) Notice or every Meeting of the Company shall be given :

(i) to every member of the Company, in any manner authorised by subsections (1) to (4) of Section 53 of the Act.

(ii) to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name, or by the title or representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to so entitled or, until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred, and

(iii) to the Auditor or Auditors for the time of the Company, in any manner authorised by Section 53 of the Act in the case of any member of member of the Company.

(iv) PROVIDED that where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the mentioned in the advertisement that the statement has been forwarded to the members of the Company.

(3) Every notice convening a Meeting of the Company shall state therein that a member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member of the Company.

(4) The accidental omission to give notice to or non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the Meeting.

#### 97. **Special Business**

All business to be transacted at an Annual General Meeting with the exception of business relating to (i) the consideration of the account balance sheet, and the reports of board of directors and auditors, (ii) the declaration of the dividend, (iii) the appointment of Director in place of those retiring and (iv) the appointment of and the fixing of the remuneration of auditors, and all business to be transacted at any other meeting of the Company shall be deemed **Special**.

#### 98. **Explanatory statement to be annexed to notice**

Where any items of business to be transacted at any meeting of the Company are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting an explanatory statement setting out all material facts concerning each item of business including in particular the nature and extent of the interest, if any, therein, of every Director the managing director, the Manager, if any and specifying where any item of business consists of the according of a approval to any document by the meeting, the time and place where the documents can be inspected.

PROVIDED that where such items of special business at the meeting of the Company relates to or affects any other company, the extent of share holding interest of every director, the managing director and manager, if any, is not less than 20 percent of the paid up share capital of that other company.

#### 99. **Meeting not competent to discuss or transact any business not mentioned in notice**

No general meeting, annual or extraordinary, shall be competent to enter, discuss or transact any business which has not been specifically mentioned in the notice or notices upon which it is convened.

#### 100. **Quorum**

Five members entitled to vote and present in person shall be a quorum for general meeting. When more than one of the joint holders of a share is present, not more than one of them shall be counted for determining the quorum. Several executors or administrators of a deceased person in whose sole name a share stands shall, for the purposes of this article, be deemed joint holders thereof. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Company shall be deemed to be personally present if he is represented in accordance with Section 187 A of the Act.

#### 101. **Presence of Quorum**

No business shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business.

**102. In Quorum not present meeting to be dissolved and when to be adjourns**

If within half an hour from the time appointed for holding the meeting a quorum is not present in the meeting, if called upon the requisition of members shall stand dissolved, but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or if that day is a public holiday until the next succeeding day in the next week which is not a public holiday, or to such other day, time and place as the Board may determine.

103. In at the adjourned meeting, a quorum is not present within 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.

**104. Resolution passed at adjourned meeting**

Where a resolution is passed at an adjourned meeting the resolution shall, for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

**105. Power to adjourn General Meeting**

(a) The Chairman of the General Meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

**Notice of adjourned meeting**

- (b) When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of an original meeting.
- (c) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.

**106. Chairman of General Meeting**

The Chairman of the Board shall, if willing, preside as Chairman at every general meeting, annual or extraordinary, If there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding. Such meeting or being present declines to take the chair, the Directors present may choose one of their members to be Chairman and in default of their doing so the members present shall choose one of the Directors to be Chairman and if no director present is willing to take the chair shall, on a show of hands elect one of their members to be Chairman of the meeting, if a poll is demanded on the election of the Chairman it shall be taken forthwith accordance with the provisions of the Act and these articles, and the Chairman elected on a show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected Chairman as result of the Poll, he shall be the chairman for the rest of the meeting.

**107. Business confined to election of Chairman while chair vacant**

No business shall be discussed at any general meeting except the election of a Chairman while chair in vacant.

**108. Resolution must be proposed and seconded**

No resolution submitted to a meeting, unless proposed by the Chairman of the meeting shall be discussed nor put to vote until the same has been proposed by a member present and entitled to vote at such meeting and seconded by another member present and entitled to vote at such meeting.

**109. How question to be decided at meeting**

At any general meeting, a resolution put to the vote of the meeting shall, be decided on a show of hands unless the poll is demanded as provided in these Articles.

**110. Declaration of Chairman to be conclusive**

A declaration by the Chairman that on a show of hands, a resolution has or has not been carried, or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

**111. Demand for poll**

(1) Before on the declaration of the result of the voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by the person or persons specified below that is to say :

- (a) which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or
- (b) by any member or members present in person or by proxy and holding shares in the Company on which an aggregate sum of not less than fifty thousand rupees has been paid-up.

(2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

**112. Time of taking Poll**

Any poll duly demanded on the question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not exceeding 48 hours from the time when the demand was made, as the Chairman of the meeting direct.

**113. Scrutinizers at Poll**

Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinize the votes given on the poll and to report thereon to him. The Chairman shall have power, at any time, before the result of the poll is declared to remove a scrutinizer from office and to fill vacancies in the office of scrutinizer arising from such removal or from any other cause. Of the two scrutinizers so to be appointed, one 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 is willing to be appointed.

**114. Business may proceed notwithstanding demand for poll**

The demand for a poll except on the question of the election of Chairman or of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

**115. Chairman's casting vote**

In the case of equality of votes, the Chairman shall both on a show of hands and on poll, have a second or casting vote in addition to the vote or votes which he may be entitled as a member.

**116. Manner of taking poll and result thereof**

- (a) Subject to the provisions of the Act the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.
- (b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

**VOTES OF MEMBERS**

**117. Votes may be given by proxy or attorney**

Subject to the provisions of the Act and these Articles votes may be given either personally or by an attorney or by proxy or in the case of body corporate, also by a representative duly authorised under Section 187 of the Act and Articles 116.

**118. Vote of members**

Subject to provisions of the Act of these Articles every member, not disqualified by Articles 119 shall be entitled to be present in person and holding any equity share capital therein, shall have one vote and upon a poll the voting right of every such member present in person or by proxy shall be in proportion to his share of 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 Clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

**119. Right of members to use votes differently**

On a poll being 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.

**120. Representation of Body Corporate**

A body corporate whether a company within meaning of the Act or not, may if it is a member or creditor of the Company including being a holder of debentures, may authorise such person by a resolution of its Board of directors, as it thinks fit, to act as its representative at any meeting of members or of creditors of the Company.

**121. Restriction on exercise of voting right by members who have not paid calls**

No member shall exercise any voting right in respect of any share 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/ or has exercised its right of lien.

**122. No voting proxy on show of hands**

No member not personally present shall be entitled to vote on a show of hands, unless such member is a body corporate present by a representative duly authorised under Section 187 of the Act in which case such representative may vote on a show of hands as of he were a member of the Company A proxy who is present at meeting shall not be entitled to address the meeting.

**123. Now meber noncompus mentis and minors may vote**

If any member be of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by its committee or other legal guardian provided that such evidence of the authority of the person claiming to vote as shall be acceptable by the Board shall have been deposited at the office of the Company not less than forty-eight hours before the time of holding the meeting. If any member be a minor the vote in respect of holding the meeting. If any member be minor the vote in respect of his share or shares shall be done by his guardians or any one of his guardians, if more than one to be selected in case of dispute by the Chairman of the meeting.

**124. Instrument of proxy**

The instrument appointing a proxy shall be writing and signed by the appointer is a body corporate be under seal or be signed by an officer or attorney duly authorised by it.

**125. Instrument of proxy to be posted at office**

The instrument appointing a proxy and the power of the attorney or the authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default in the instrument of proxy shall not be treated as valid. A proxy properly lodged before a meeting will be valid for an adjournment of the meeting.

**126. When vote of proxy valid though authority revoked**

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given, provided that no intimation in writing of such death insanity revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

**127. Form of proxy**

Every instrument of proxy, whether for specified meeting or otherwise shall, nearly as circumstances will admit be in any of the forms set out in Schedule IX of the Act.

**128. Time for object to vote**

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which such vote shall be tendered, and every vote whether given personally or by proxy, and not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

**129. Chairman of any meeting to be the judge of validity of any vote**

The Chairman of any meeting shall be sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be sole judge of the validity of every vote tendered at such poll.

**129A. Postal Ballot**

Question/matters as may be provided for in Section 192A and/or rules made there under may be decided by way of postal ballot as per provisions laid down under the relevant rules in this regard.

**DIRECTORS**

**130. Number of Directors**

Until otherwise determined by a general meeting of the Company and subject to the provisions of Section 52 of the Act the number of directors shall not be less than three not more than twelve.

**131. Present Directors of the company are as under:**

- |                          |   |                        |
|--------------------------|---|------------------------|
| 1. RAVI JAGDISH BHANDARI | - | Executive Director     |
| 2. REKHA RAVI BHANDARI   | - | Executive Director     |
| 3. NIMISHA VARUN MODI    | - | Non-Executive Director |

132. The directors of the company may by passing suitable resolutions be remunerated for their services rendered to the company. The remuneration in so far as it consists of a monthly payment be deemed to accrue from day to day.

**133. Increase in number of directors to require Government Sanction**

The Company shall not increase the number of its Directors beyond the maximum fixed by these articles without the approval of the Central Government.

**EX-OFFICIO DIRECTORS**

134. The Company in general meeting may, when appointing a person as Director declare that his continued presences on the Board of Directors shall not be liable to be determined by retirement or rotation for such period or until the happening of an such event or contingency as the Board may specify and there upon such Director shall not be liable for retirement by rotation but shall hold office for the period or until the happening of an event or contingency as set out in the said Resolution. Such Director shall thereafter be referred to as Ex - Officio Director.

**ALTERNATE DIRECTOR**

135. The Directors may appoint an Alternate Director to Act for Director (hereinafter in this Article called the original Director) during his absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held. All Alternate Director shall not be bound to hold any qualification shares. Every such Alternate shall subject to his giving to the Company and address in India at which notice may be served on him, be entitled to notice of meeting of Directors and to attend and vote as a Director and be counted for the purpose of a quorum and generally at such meeting to have an exercise all the powers and duties and authorities of the Original Director. An Alternative Director so appointed shall vacate office if an when the Original Director returns to the State in which meeting of the Board are ordinarily held. If the term of office of the Original Director is determined before he so returns to the State aforesaid any provisions for the automatic reappointment of retiring Director in default of another appointment shall apply to the original and not to the Alternate Director.

**136. Power of Directors to appoint additional Director and to fill casual vacancies**

Subject to the provisions of Sections 260, 262, 263, 264 and 284(6) and other provisions of the Act, if any applicable and subject to these Articles, the Director shall have power at any time and from time to time to appoint any other person as a Director either to fill a casual vacancy or as an addition to the Board but so that the total number of Directors shall not any time exceed the maximum number fixed. Any additional director so appointed shall retain his office upto the next annual General Meeting.

**137. Nominee Directors**

Not with standing anything to the contrary contained in these Articles, so long as moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), Life Insurance Corporation of India (LIC) , Gujarat Industrial Investment corporation Limited (GIIC) and Gujarat State Financial Corporation (GSFC) venture funds companies or to any other Financing Company or body or any Bank out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC, GIIC, GSFC, and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body or any Bank (each of which IDBI, ICICI, IFCI, LIC, GSFC, and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or

Body or Bank is here in after in this Articles referred to as "The Corporation continue to hold debentures in the Company by direct subscription or private placement or so long as Corporation holds shares in the Company as a result of under writing or direct subscription or so long as any liability of the Company arising out of guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or person as a director or Directors, whole time or part time,(which Director or Directors is/are herein after referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his or their place/s.

The Board of Director of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, Nominee Director/s shall be entitled to the same right and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of under writing or direct subscription or the liability of the Company raising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold Debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meeting, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is / are member/s as also the minutes of such meetings. The Corporation shall be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Directors. Provided that if any such Nominee Director/s is an officer of the corporation, the sittings fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

### 138. **Debenture Directors**

If it is provided by the Trust Deed security or otherwise in connection with any issue of debentures of the Company, that any person of person shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person of persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debentures Director may be removed from office at any time by the person in whom for the time being invested the power under which he was appointed and another Director may be appointed in his place. A Debentures Director shall not be bound to hold any qualification shares.

### 139. **Qualification of Directors**

A Director need not hold any qualification shares.

### 140. **Remuneration of Director**

(1) Subject to the ceiling limits laid down in section 198 and section 309 & Schedule XIII of the Act, a Managing Director or Directors 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.

(2) Subject to the provisions of the Act, a director, who is neither in the whole –time employment nor a managing Director may be paid remuneration-

- (i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or
- (ii) by way of commission if the company by a special resolution authorises such payments.

(3) The fee payable to a Director (including a managing or whole-time Director, if any) for attending a meeting of the Board or committee thereof shall not exceed such sum as may be prescribed under Section 310 of the Act.

**Remuneration for extra services**

(4) If any director be called upon to perform extra services of special exertions or efforts (which expression shall include work done by a Director as member of any Committee formed by the Directors), the Board may arrange with such Directors for such special remuneration for such extra services or special exertions or either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either by addition to or in substitution for his remuneration above provided.

**Increase in remuneration of Directors to require Government sanction**

(5) Any provision relating to the remuneration of any Director including a Managing or joint Managing or Whole-time Director or any amendment thereof, which purports to increase or has the effect of increasing, whether directly or indirectly, the amount thereof, whether that provision is contained in the company's Memorandum or Articles, or in an agreement entered into by it, or any resolution, passed by the company in General Meeting or by the Board of Directors, shall not have any effect:

(a) in cases Where Schedule XIII to the Act is applicable. Under such increase is in accordance with the condition specified in that Schedule: and

(b) in any other case, unless it is provided by the Central Government and the amendment shall become void if, and in so far as, it is disapproved by the Government.

**141. Travelling expenses incurred by a Director not a bonafide resident or by Director going out on Company's business**

The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board or Committee thereof are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation or for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified; and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business. He shall be entitled to be repaid and reimbursed any travelling on other expenses incurred in connection with business of the Company.

**142. Payment of pension etc. to Director who held salaried office etc. with the Company.**

The Board on behalf of the company may subject to the provisions of Schedule XIII of the Act pay a gratuity or pension or allowance on retirement to any Director who has held any office or place of profit salaried or otherwise, with the Company or to his widow or dependents and may make contributions to any fund such as provident fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

**143. Directors may act notwithstanding vacancy**

The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as the number is reduced below the quorum fixed by the Act or by these Articles for a meeting of the Board, the continuing Director or Directors may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a general meeting of the Company but for no other purpose.

**144. Disclosure of interest of Director**

(1) Every Director of the Company who is in any way, whether directly or indirectly concerned or interested in any 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 of interest at a meeting of the Board of Directors.

(2) (a) In the case of a proposed contract or arrangements the disclosure required to be made by a Director under Clause (1) shall be made at the Meeting of the Board at which the question of entering into the contract or arrangements is first taken into consideration or if Director was not at the date of Meeting, concerned or interested in the proposed contract or arrangements, at the first Meeting of the Board held after he becomes so concerned interested.

(b) In the case of any other contract or arrangements, the required disclosure shall be made at the first meeting of the Board held after the Directors becomes concerned or interested in the contract or arrangements.

(3) (a) For the purpose of Clauses (1) and (2) hereof, a General Notice given to the Board by a Director to the effect that he is a Director or a Member of a specified body corporate or is a Member of a specified firm and is to be regarded as arrangement which may, after the date of the notice, be entered which 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.

(b) Any such General Notice shall expire at the end of the financial year in which it is given but may be renewed for the further period of one financial year at a time by a fresh notice in the last month of the financial year in which it would otherwise have expired.

(c) No such General Notice and no renewal thereof shall be effective unless either it is given at a Meeting of the Board, or the Director concerned takes reasonable steps to insure that it is brought up and read at the first meeting of the Board after it is given.

(d) Nothing in this Articles shall apply to any contract or arrangement entered into or to be entered into between two companies when any of the Directors of the Company or two of them together hold or holds not more than two percent of the paid up share capital in the other company.

**145. Interest Director not to participate or vote on Board's proceedings**

No Director of the Company shall, as 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 of he is in any way whether directly or indirectly, concerned or interested in the contract or arrangement, 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 a Director may vote on any contract of indemnity against any loss which the Director or any one or more of them may suffer by reason of becoming sureties for the Company.

**146. Board's sanction to be required for certain contracts in which particular Director is interest**

A Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such firm or private company of which the Director is a Member or Director shall not enter into any contract with the Company, except to the extend and subject to the provisions of Section 297 of the Act.

**RETIREMENT AND ROTATION OF DIRECTORS**

**147. Retirement if Directors by rotation**

(1) At every annual general meeting, one-third of such Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three then the number nearest to one-third shall retire from office.

(2) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment but as between persons who became Directors on the same day those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

(3) At the Annual General Meeting at which Director retire as aforesaid the Company may fill up the vacancy by appointing the retiring Director who shall be eligible for reappointment or some other person thereto.

(4) If the place of the retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that is a public holiday, till the next succeeding day which is not a public holiday at the same time and place. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless,

- (i) At the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the vote and lost;
- (ii) The retiring Director has by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so reappointed,
- (iii) He is not qualified or is disqualified for appointment,
- (iv) A resolution, whether special or ordinary, is required for his appointment in virtue of any of the provisions of the Act, or
- (v) The proviso to sub-section (2) of Section 263 of the Act is applicable to the Case.

#### 148. **Appointment of Director to be voted individually**

- (1) No motion at any general meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.
- (2) A resolution moved in contravention of clause (1) shall be void whether or not objection was taken at the time of its being so moved; provided that where a resolution so moved is passed, no provision for the automatic reappointment shall apply.
- (3) For the purpose of this clause a motion for approving a person's appointment or for nominating a person for appointment shall be treated as motion for his appointment.

#### 149. **Right of person other than retiring Directors to stand for Directorship**

- (1) A person who is not a retiring Director shall subject to the provisions of the Act, be eligible for appointment to the office of Director at any general meeting if he or some member intending to propose him has not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director on the intention of such Member to propose him as a candidate for that office as the case may be along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be such member if the person succeeds in getting elected as a Director.
- (2) The Company shall inform its members of the candidature of person for the office of Director or the intention of a member to propose such person as a candidate for that office by serving individual notice on the members not less than seven days before the meeting.

Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in the English language and the other in the Gujarati language.

#### **Consent of candidate for Directorship to be filed with the Registrar**

- (3) Every person proposed as a Candidate for the office of Director shall sign and file with the Company his consent to act as a Director if appointed and every person other than a Director reappointed after retirement by rotation shall not act as a Director of the Company unless he has within 30 days of his appointment, signed and filed with Registrar his consent in writing to act as such Director.

#### 150. **Resignation of Director**

A Director may at any time give notice in writing of his intention to resign by addressing it to the Board of Directors of the Company and delivering such notice to the Secretary or leaving the same at the Registered Office of the Company; and on acceptance of the same by the board, his office shall be vacated.

#### 151. **Register of Directors and notification of changes to registrar**

The Company shall keep at its Registered Office a register of Directors, Managing Directors, Managers and Secretary containing the particulars as required by Section 303 of the Act, and shall send to the Registrar a return in duplicate in the prescribed form containing the particulars specified in the said register and shall notify to the Registrar any change among, its Directors, Managing Directors, Manager and secretary or any of the particulars contained in the register as required by Section 303 of the Act.

## REMOVAL OF DIRECTORS

### 152. Removal of Directors

(1) The Company may, by ordinary resolution remove a Director not being a Nominee Director appointed under Article 137, or a debenture Director appointed under Article 138 and not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.

(2) Special notice shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.

(3) On receipt of notice of a resolution to remove a Director under this article, the Company shall forthwith send a copy thereof to the Director concerned and the Director shall be entitled to be heard on the resolution at the meeting.

(4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representation in writing to the Company (not exceeding a reasonable length) and request their notification to members of the Company and shall unless the representations are received by it too late for it to do so.

(a) in any notice of the resolution given to the members of the Company, state the fact of the representation having been made and

(b) send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representation by the Company); and if a copy of the representation is not sent as aforesaid because it was received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the meeting provided that copies of the representation need not be read out at the meeting if, on the application either of the Company or of any other person who claims to be aggrieved the Company Law Board is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

(5) A vacancy created by the removal of a Director under this Article may if had been appointed by the Company in general meeting or by the Board under Articles 136 or Section 262 of the Act, be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

(6) If the vacancy is not filled up under clause (5) hereof it may be filled as a casual vacancy in accordance with the provisions, so far as they may be applicable to Article 136 or Section 262 of the Act hereof and all the provisions of that Section, shall apply accordingly. Provided that the Director who is removed from office under this Article shall not be reappointed as a Director by the Board of Director.

(7) Nothing in this Article shall be taken-

(a) as depriving a person removed there under of any compensation or damages payable to him in respect of any appointment terminating with that as a Director or

(b) as derogating from any power to remove a Director which may exist apart from this Article.

## PROCEEDINGS OF DIRECTORS

### 153. Proceedings of Directors

(a) The Board of Directors may meet together for the discussion of business, adjourn and therewith regulate its meetings and proceedings as it may think fit.

(b) A meeting of the Board of Directors shall be held at least once in every three months and at least four such meeting shall be held in every year.

**When meeting to be convened**

(c) The Chairman if any, of the Board of Directors may at any time and the Managing Director if any, or the Secretary on the requisition of a Director shall summon a meeting of the Board.

**Directors entitled to notice**

(d) Notice of every meeting of the Board of Director of the Company shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director.

154. (a) Subject to Section 287 of the Act the quorum for a meeting of the Board shall be one-third of the total strength of the Board (any fraction contained in the one-third being rounded off as one) or two Directors whichever is higher, provided that where at any meeting 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 the Directors who are not interested and are present at the meeting being not less than two shall be the quorum during such time.

(b) for the purpose of clause (a)-

(i) "To strength" means the total strength of the Board of Directors of the Company as determined in pursuance of the Act, after deducting there from the number of Directors if any, whose places may be vacant at the time, and

(ii) "Interested Director" means any Director whose presence cannot by reason of Article 144 hereof or any other provision in the Act, count for the purpose of forming a quorum at a meeting of the Board, at the time of discussion or vote on any matter.

**155. Procedure in case of want of quorum**

If a meeting of the Board could not be held for want of quorum then the Meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a Public Holiday, till the next succeeding day which is not a Public Holiday, at the same time and place.

**156. Decision of questions**

Subject to the provisions of Section 316, 372, 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes and in case of an equality of votes Chairman shall have second or casting vote.

**157. Board may appoint Chairman**

The Board may elect a Chairman of their meetings, and determine the period for which he is to hold office, but if no such Chairman is elected or if at any meetings the Chairman is not present within ten minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the Meeting.

**158. Power of Board Meeting**

A Meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretions which by or under the Act of the Articles are for time being vested in or exercisable by the Board generally.

**159. Subject the restrictions contained in Section 292 of the Act. The Board may**

delegate any of its powers to a committee of the Board consisting of such member or members of its body or any other person as it thinks fit and it may from time to time revoke and discharge any such committee of the Board so formed, and shall in the exercise of the power so delegated conform to any regulations that may from time to time imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of purposes of their appointment, but not otherwise, shall have the like force and effect as done by the Board.

**160. Meeting of the committee how to be governed**

The meeting and proceedings of any such committee of the Board consisting of two or more persons shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board, so far as the same are applicable thereto and are not superseded by any regulation made by the Board under the last preceding Article.

**161. Minutes of proceedings of the Board and the Committee to be valid**

The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with the Articles and Section 193 of the Act.

**162. Board minutes to be evidence**

Minutes of any Meeting of the Board of Directors or of any Committees of the Board if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be for all purpose whatsoever prima facie evidence of the actual passing of the resolution recorded and the actual and regular transaction or occurrence of the proceedings so recorded and the regularity of the meeting at which the same shall appear to have taken place.

**163. Register of Directors and Managing Director etc.**

The Directors shall cause to be kept at the registered Office of the Company:

(a) (i) A Register of the Directors, Managing Director, Manager and Secretary of the Company containing the particulars required by Section 303 of the Act;

(ii) A Register of Contracts with Companies and firms in which the Directors are interested, containing the particulars required by Section 301 of the Act; and

(iii) A Register of Directors share holding containing the particulars required by Section 307 of the Act. They shall also cause to be kept other Registers and Indexes as required by the Act.

(b) The Company shall comply with the provisions of Sections 301, 303 and 307 and other Sections of the Act with regard to the inspection of Register and furnishing copies or extracts so far as the same be applicable to the Company.

**164. Acts of Board or committee valid notwithstanding defective appointment**

Subject to the provisions of the Act and these Articles all acts done by any meeting of the Board or by a committee of the Board, or by any person acting as a Director shall not with standing that it shall afterwards be discovered that there was some defect in the appointment of such Directors or committee or person acting as aforesaid or that they or any of them were or was disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the act or in these articles, be as valid as if every such persons had been duly appointed and was qualified to be a Director and had not vacated office or his appointment had not been terminated. Provided that nothing in this article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

**165. Resolution by Circular**

(1) 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 ,together with the necessary papers, if any to all Directors or to all the members of the Committee, then in India (not being less in the number than the quorum fixed for a meeting of the Board or committee as the case may be) and to all other Director or members at their usual addresses in India or by a majority of such of them as are entitled to vote on the resolution.

(2) A resolution passed by circular without a meeting of the Board or a Committee of the Board shall subject to the provisions of sub-clause (1) hereof and the Act, be as valid and effectual as the resolution duly passed at a meeting of the Board or of the Committee duly called and held.

**168. Power to borrow**

Subject to the provisions of Section 292 and 293 of the Act the Board may, from time to time, at its discretion and by means of resolutions passed at its meetings 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 purposes of the Company.

**169. Conditions on which moneys may be borrowed**

The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respect as it thinks fit and in particular by the issue of bonds, perpetual or redeemable debenture-stock or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the

Company (both present and future) including its uncalled capital for the time being the Board shall exercise such power only by means of resolutions passed at its meetings and not by circular resolutions.

**170. Terms of issue of debentures**

Any debentures, debenture-stock, bonds or other securities may be issued at a discount, 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 special privileges as to redemption, surrender, drawing, allotment of share and attendance (but not voting) at General Meeting of the Company appointment of Directors and otherwise provided however that no debentures with the right to conversion into or allotment of shares shall be issued except with the consent of the Company in General Meeting accorded by a Special Resolution. The Company shall before any such issue; make an application to one or more recognised stock exchanges for permission for the debentures to be dealt with in the stock exchange or each such stock exchange.

**171. Execution of indemnity**

If the Director or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company the Board may execute or cause to be executed any mortgage charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity against any loss which the Directors or any one more of them may suffer by reason of becoming or being sureties or sureties or surety for the Company.

**172. Certain powers of the Board**

Without prejudice to the general powers conferred by Article 166 and the other powers are conferred by these Articles and Section 291 of the Act. So as not in any way to limit or restrict those powers, but subject however to the provisions of the Act it is hereby expressly declared that the Board shall have the following powers.

**To pay registration expenses**

(1) To pay the costs, charge and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

**To acquire property**

(2) Subject to Section 292 and 297 and other applicable provisions of the Act, to purchase or otherwise acquire for the Company any property movable or immovable, rights, or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and condition as it may think fit, and in any such purchase or other acquisition to accept such title as Board may believe or may be advised to be reasonably satisfactory.

**To pay for the property**

(3) At its discretion and subject to the provisions 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 share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds debentures mortgages or other securities may either specifically be charged upon all or any part of the property of the company including its uncalled capital not so charged.

**To mortgage, charge, property**

(4) To secure the fulfillment of any contracts, agreements or engagements 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 other manner as it may think fit.

**To insure**

(5) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think fit proper, all or any part of the building , machinery, goods, store, produce and other movable property of the company either separately or co-jointly; also insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell assign surrender or discontinue any policies of assurance effected in pursuance of this power.

**To appoint Manager etc.**

(6) To appoint and at its discretion remove or suspend, such manages, secretaries, officers, clerks, agents and employees, from permanent, temporary or special services as it may from time to time think fit, and to determine their powers and duties and fix their salaries employments or remuneration and to require security in such instances and of such amounts as it may think fit.

**To accept surrender of shares**

(7) To accept from any member subject to the provisions of the act a surrender of his share or any part thereof on such terms and conditions as shall be agreed.

**To appoint trustees**

(8) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested or for any other purpose and to execute and do all such deeds and things as may be required in relation to any such trust and to provided for the remuneration of such trustee or trustees.

**To bring and defend actions**

(9) 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 payments or satisfaction or any debts due or any claims or demands by or against the Company, to refer any difference to arbitration and observe the terms of any awards made therein either according to foreign law and either in India or abroad and observe and perform or challenge and award made therein.

**To refer to arbitration**

(10) To refer any claims or demands by or against the Company or any differences to arbitration, and observe and perform the awards.

**To act on insolvency matters**

(11) To act on behalf of the Company in all matters relating of bankrupts and insolvents.

**To give receipts**

(12) To make and give receipts release and other discharges for money payable to the company and for the claims and demands of the Company.

**To open accounts etc.**

(13) To open and operate Bank Accounts to determine from time to time who shall be entitled to sign, on the Company's behalf bills, notes, receipts, acceptances, endorsement, cheques, dividend warrants, releases, contracts and documents, and to give the necessary authority for such purpose.

**To authorise by Power of Attorney**

(14) Subject to the provisions of the Act and these articles from time to time to provide for the managements of the affairs of the company in or outside India in such manner as it may think fit, and in particular to appoint any person to be the attorneys or agents of the Company with such person (including the power to sub-delegate) and upon such terms as may be thought fit.

(15) Subject to the provisions of Sections 291, 292, 295, 370, 372 and other applicable provisions of the Act and these Articles to invest and deal with the moneys of the Company not immediately required for the purpose thereof in or upon such security (not being shares in this Company) or without security and in such manner as it 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.

**To give to Directors etc. an interest in business**

(16) Subject to sanctions as may be necessary under the Act or the Articles, to give to any Director, Officer, of other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company.

(17) 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 for the benefit of the Company, such mortgages of the Company's property (present and future) as it thinks fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.

(18) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and give any Director, officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of working expenses of the Company.

#### **To provide for welfare of employees**

(19) To provide for the welfare of employees or ex-employees of the Company and the wives and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants or money, pensions, gratuity, annuities, allowances, bonuses or other payments or by creating and from time to time subscribing or contributing to provident fund and other associations institutions, funds, or trusts and by providing or subscribing or contributing towards places of instruction or recreation hospitals and other assistance as the Board shall think fit.

#### **To subscribe charitable and other funds**

(20) To subscribe, incur, expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.

#### **To create reserved fund**

(21) Before recommending any dividend, to set aside out of the profits of the Company such as it may think proper for depreciation or to a depreciation fund or to an insurance fund or as a reserve fund or sinking fund or any special fund to meet contingencies to repay debentures or for debenture-stock or special dividends or for equalizing dividends or for repairing improving, extending and maintaining any of the company property of the land for such other purposes referred to in the last two preceding clauses) as the Board of Directors may in its absolute discretion think conducive to the interest of the Company and subject to Section 292 of the Act to invest the several sums so set aside or so much thereof as is required to be invested, upon such investments (other than shares of this Company) as it may think fit and from time to time to deal with vary such investments and dispose of and apply and expend all or any part thereof for the benefits of the Company in such manner and for such purposes as the Board of Directors, in its absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Board of Directors applies or upon which it expends 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 general reserve fund into such special funds as the Board of Directors may think fit, with full power to transfer the whole or any portion of a reserve fund and with full power to employ the assets constituting all or any part of the above funds including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock and that 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 of Directors at its discretion to pay or allow to the credit of such funds interest at such rate as the Board of Directors may think proper.

(22) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 76 and 208 of the Act and of the provisions contained in these presents.

#### **To negotiate**

(23) From time to time to make vary and repeal byelaws for regulation of the business of the Company, its officers and servants.

(24) To redeem redeemable preference shares.

(25) Subject to the provisions of the Act and these Articles for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind 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 it may consider expedient.

(26) To undertake any branch or kind of business which the company is expressly or by implication authorised to undertake at such time or time as it shall think fit; and to keep though it may have been actually commenced or not, so long as the Board may deem it expedient not to commence or precede with such branch or kind of business.

## **MANAGING DIRECTORS**

### **173. Board may appoint Managing Directors**

Subject to the provisions of Section 267, 268, 269, 309, 310, 311, 316, 317 and Schedule XIII and other applicable provisions, if any of the Act, the Board of Directors may from time to time appoint one or more of their body to be Managing Directors or Managing or whole-time Directors or part-time Directors of the Company for a term not exceeding five years at time for which he or they is or are to hold such office and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places.

174. Subject to the provisions of the Act and these Articles a Managing Director or the whole-time Director shall not while he continues to hold that office be subject to retirement by rotation and shall not be taken into account in determining the Directors liable to retire by rotation or the number of Directors to retire but he shall be subject to the terms of any contract between him and the company, be subject to the same provisions as to resignation and removal as the other directors of the Company.

### **175. Remuneration of Managing Director**

The remuneration of Managing Directors shall from time to time be fixed by the Board and may be by way of salary or commission or participation in profits or by any or all of these modes or in any other form and shall be subject to the limitations prescribed in Section 193, 309 and Schedule XIII of the Act.

### **176. Directors may confer power on Managing Director**

Subject to the provision of the Act and to the restrictions contained in these articles Board may, from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable by the Board under these articles as it may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it think expedient and it may confer such powers either collaterally with or to the exclusion of or in substitution of all or any of the power of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

### **177. Compensation for loss of office**

Subject to the provision contained in Section 318 and 319 of the Act, the Company shall make payment to a Managing Director by way of compensation for loss of office or as compensation for retirement from such office if in connection with such loss or retirement from office except in cases specified in Section 318(A) and such payment shall be subject to the limited specified in Section 318(4) of the Act,

### **178. Managing Director not to exercise certain**

The Managing Director or Managing Directors shall not exercise the powers to :

- (a) Make calls on shareholders in respect of money unpaid of the share of the Company.
- (b) Issue debentures, and
- (c) Except as may be delegated by the Board under Section 292 of the Act, invest the funds of the Company or make loans or borrow moneys.

### **179. Certain persons not to be appointed as Managing Director**

The Company shall not appoint or employ or continue the employment of any person as its Managing Director, Whole time Director or Managing who suffers any of the infirmities and disabilities set out in part 1 to Schedule XIII to the Act.

## THE SEAL

### 181. Seal

The Directors shall provide a common seal for the purpose of the company and shall have power from time to time destroy the same and substitute a new seal in lieu thereof and shall provide for the safe custody of the seal for the time being.

Unless otherwise determined the common seal of the company shall be affixed to any instrument or document in presence of at least one director or secretary of the company or such other person as may be authorised in that behalf by the Director, who shall sign the instrument or document to which the seal is affixed, provided nevertheless, the certificates of shares, may be under the signatures of such persons as provided by the Companies (Issue of Share Certificates) Rules, in force from time to time.

### 182. Foreign Seal

This Company may, subject to the provisions of Section 50 of the Act, have for in any territory, district or place not situate in the Union of India an official seal which shall be a facsimile of the Common Seal of the Company with the addition on its face of the name of the territory district or place where it is to be used.

### 183. Provision application to Foreign Seal

These following provisions shall apply on the Company having a foreign seal under the preceding article:

- (i) The Company shall, by a document under its Common Seal, authorize any person appointed for the purpose in that territory district or place, to affix the official seal to any deed or other document to which the Company is a party in that territory district or place.
- (ii) The authority of any agent the preceding clause shall, between the Company and any person dealing with the agent, continue during the period if any mentioned in the document conferring the authority, or if no period is therein mentioned, until notice of the revocation or determination of the agent's authority has been given to the person dealing with him.
- (iii) The person affixing any such official seal, certify on the deed document to which such a seal is affixed, the date on which and the place at which, such seal is affixed.
- (iv) A deed or other document to which an official seal is duly affixed shall bind the Company as if it had been sealed with the common seal of the Company.

## DIVIDENDS

188. The profits of the Company which it shall from time to time determine, subject to the provisions of Section 205 of the Act, to divide in respect of any year or other period shall, be applied first in paying the fixed preferential dividend on the capital paid up on the preference shares if any, and secondly in paying a dividend for such year or other period on the capital paid up on the equity shares.

### 189. Amount paid in advance of calls not to be treated as paid-up capital

No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of Article 47 as paid up on the share.

### 190. Apportionment of Dividends

All dividends shall be apportioned and paid proportionate to the amounts paid or credited as paid on the shares 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.

### 191. Declaration of Dividends

The Company in general meeting may subject to the provision of Section 205 of the Act declare a dividend to be paid to the members according to their right and interest in the profits and may fix the time for payment.

**192. Restriction on amount of dividend**

No larger dividend shall be declared than is recommended by the Board but the Company in general meeting may declare a smaller dividend.

**193. Dividend out of profits only**

(1) No dividend shall be payable except out of the profit the Company arrived at as stated in Section 205 of the Act.

(2) The declaration of the Board as to amount of the net profits of the Company shall be conclusive.

194. The Board of Directors may from time to time pay to the members such interim dividends as in its judgement the position of the Company justifies.

**195. Debits may be deducted**

The Board may retain any dividends payable on shares on which the Company has line and may apply the same in or toward the satisfaction of the debts, liabilities or engagements in respect of which the lines exists.

**196. Dividend and call together**

Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes but so that the call on each members shall not exceed the dividend payable to him and so that the call may be made payable at the same time as the dividend and the dividend may if so arranged between the Company and the members, be set off against the call.

**197. Unpaid dividend of dividend warrant posted**

(a) Where the Company has declared a dividend but which has not been paid or claimed the dividend warrants in respect thereof has not been posted within 42 days from the date of declaration to any shareholders entitled to the payment of the dividend. The Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in the behalf in any scheduled bank called "Unpaid Dividend Accounts" of and transfer to the said accounts, the total amounts of which remains unpaid or unclaimed in relation to which no dividend warrant has been posted.

(b) Any money transferred to the unpaid dividend account of the Company, which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central the Government. A claim to any money so transferred to the general revenue account, may be preferred to the Central Government by the shareholder to whom the money is due. No unclaimed dividend shall be forfeited by the Board.

**198. Effect of transfer**

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

**199. Retention in certain cases**

The Board may retain the dividends upon shares in respect of which any person is under Article 77 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.

**200. No member to receive interest or dividend whilst indebted to the Company and Company's right to reimbursement there out.**

No member shall be entitled to receive payment of an interest or dividend in respect of his own share or shares whist any money may be due or owing from him to the company in respect of such share of shares or otherwise however either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any shareholder all sums or money so due, from him to the Company.

**201. Dividends now remitted**

Unless otherwise directed any dividend may be paid by cheque, transfer of funds by instructions to Banks, bank draft or warrant sent through post to the Registered address of the member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holding. Every such cheque, instruction, bank draft or warrant lost in transmission or for any dividend lost to the member or other person entitled thereto by the

forged endorsement of any cheque, instruction, bank draft or warrant or the fraudulent or improper recovery thereto by any other means. No unclaimed or unpaid dividend shall be forfeited by the Board unless the claim thereto becomes barred by law.

## 202. Dividend to be paid within thirty days

The Company shall pay dividend or sent the warrant in respect thereof to the shareholder entitled to the payment of the dividend within thirty days from the date of the declaration of the dividend unless

- (a) The dividend could not be paid by reason of the operation of any law or
- (b) A shareholder has given directions to the Company regarding the payment of dividend and these directions cannot be complied with or
- (c) There is a dispute, regarding the right to receive the dividend or
- (d) The dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder or
- (e) For any other reason the failure to pay dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

## 203. Capitalisation of reserves

(a) Any General Meeting may, upon the recommendation of the Board, resolve that any moneys, investments or other assets forming part of the undistributed profits of the Company standing to the credit of any of the profits and loss account or any capital redemption reserve fund or in the hands of the Company and available for dividend on representing premium received on the issue of shares and standing to the credit of the share premium account be capitalised and distribute 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 fund shall not be paid in cash but shall be applied subject to the provisions contained in clause

(b) hereof on behalf of such shareholders in full or towards-

- 1) Paying either at par or at such premium as the resolution may provide any unissued shares or debentures of debenture-stock of the Company which shall be allotted, distributed and credited as fully paid up to and amongst such members in the proportions aforesaid; or
- 2) Paying up any amounts for the time being remaining unpaid on any shares or debentures or debenture-stock held by such members respectively; or
- 3) Paying up partly in the way specified in clause (1) and partly in that specified in sub-clause (2); and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalize sum.

(b) (1) Any moneys, investments or other assets representing premium, share premium account; and

(2) If the company has redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may by resolution of the company be applied only in paying up in full or any shares then remaining unissued to be issued to such members of the company as the general meeting may resolve upto an amount to the nominal amount of the shares so issued.

(c) Any general meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to income tax be distributed amongst the members on the footing that they receive the same as capital.

(c) For the purpose of giving effect to any such resolution the Board may settle any difficulty which may arise in regard to the distribution of payment as aforesaid as it thinks expedient and in particular it may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such cash, share, debentures, debenture-stock, bonds or other obligation in trustees upon such trust for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangement for acceptance, allotment and sale of such shares, debentures, debenture-stock, bonds or other obligation and fraction certificates or otherwise as it may think fit.

(d) If and whenever any share becomes held by any member in fraction, the Board may subject to the provisions of the Act, and these articles and to the direction of the Company in general meeting, if any sell the shares which member hold in fraction for the best price reasonably obtained and shall pay and distribute to and amongst the members entitled to such shares in due proportion the net proceeds of the sale thereof for the purpose of giving effect to any such sale the Board may authorise any person to transfer the share sold to the purchaser thereof, comprised in any such transfer and be shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference be affected by any irregularity or in-aldgidity in the proceedings with reference to the sale.

(f) Where required, a proper contract shall be delivered to the Registrar for registration accordance with Section 75 of the Companies Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund such appointment shall be effective.

(g) No unclaimed dividend shall be forfeited by the Board and comply with all the provisions of Section 205-A of the Act is respect of unclaimed or unpaid dividend

## DOCUMENTS AND NOTICES

### 214. Services of documents on members by Company

(1) A document or notice may be served by the Company on any member thereof either personally or by sending it by post to him to his registered address if any, within India supplied by him to the Company for the giving of notices to him.

(2) Where a document or notice is sent by post:

(a) Service thereof shall deemed to be effected by properly addressing prepaying and posting a letter containing the document or the notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate or posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be affected unless it is sent in the manner intimated by the member; and

(b) Such service shall be deemed to have been effected

- i. In the case of a notice of meeting at the expiration of forty eight hours after the letter containing the same is posted: and
- ii. In any other case, at the time at which the letter would be delivered in the ordinary course of post.

(3) A document or notice may be served by the Company on the joint holders of a share by serving, it on the joint holder named first in the Register of Members in respect of the share.

(4) A document or notice may be served by the company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased or assignees of the insolvent, by any like description, at the address if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by serving the document or notice in any manner in which it might have been served if the death or insolvency had not occurred.

(5) A certificate in writing by the manager, secretary or other Officer or employees of the Company, that the notice was properly addressed, prepaid and posted shall be conclusive evidence thereof.

### Service of documents

(6) The service of any documents or notice to be given by the Company may be written or printed or lithographed.

### 215. Service of documents on Company

A document may be service on the Company or on Office thereof by sending it to the Company or the Office at the registered office of the Company by under a certificate of posting or by registered post or by leaving it at its registered office.

## **216. Authentication of documents and proceedings**

Save as otherwise expressly provided in the Act, a document or proceeding authentication by the Company may be signed by a Director, Managing Director, the Manager, the Secretary, or other authorised office of the Company and need not be under the Common Seal of the Company.

## **INDEMNITY**

### **217. Company may indemnify**

Subject to the provisions of Section 201 of the Act, every Director, Manager and other office of any person (whether officer of the Company or not) employed by the Company, or as an auditor, or servant of the Company shall be indemnified by the Company and it shall be the duty of the Board to pay out of the funds of the Company all cost, charges losses and expenses which any such office or servant may incur or become liable to by reason of any such contract entered into or act or thing done by him as such officer or servant or in any way in the discharge of his duties including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such director, manager, officer or servant in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted by the Court.

### **218. Directors and other officers not responsible for the acts of others**

Subject to the provisions of Section 201 of the Act no Director, Manager or other office of the Company shall be liable for the acts, receipts, neglects of any other director or office of for joining in any receipt of other act for conformity or for any loss or expense happening to the company through the insufficiency or deficiency of title to any property acquired by order of the board for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested or for any loss or damage arising from the bankruptcy or insolvency or tortuous act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by an error of judgment, omission, default or oversight on his part or for any other loss damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

## **WINDING UP**

### **219. Distribution of assets**

If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively and if in a Winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up the commencement of the winding up to the excess shall be distributed amongst the members in proportion too the capital paid up or which ought to have been paid up at the commencement of the winding upon the shares held by them respectively. But this Article is to be without prejudice to the right of the holders of shares issued upon special terms and conditions.

## **SECRECY CLAUSE**

### **220. Secrecy clause**

No member of other person (not being a Director) shall be entitled to visit or inspect any property or premises or works of the Company without the permission of the Board or to required discovery of any information respecting and detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Board is would be inexpedient i the interest of the Company to disclose.

### **221. Secrecy undertaking**

Every Director, Manager, Auditor, Treasurer, Trustee, Member of Committee, Agent, Office, servant, Accountant or other person employed in the business of the Company shall, when required, sign a declaration pledging himself to observe strict secrecy respecting all transactions 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 this duties, except when required so to do by the

Board or by the persons to whom matters relate and and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

**222. Knowledge implied**

Each member of the company, present and future, is to be deemed to join the Company with full knowledge of all the contents of these presents.

**223. General Authority**

Wherever in the Companies Act, 1956 it has been provided that the Company shall have right, privilege or authority or that the Company cannot carry out any transaction unless the Company is so authorised by its Articles then in that case, Articles hereby authorize and empower the Company to have such right, privilege or authority and to carry out such transactions as have been permitted by the Companies Act, 1956.

## SECTION X. OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or entered into more than two years before the date of the Draft Prospectus) which are or may be deemed material have been entered into or are to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Prospectus will be delivered to the ROC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company between 10.00 a.m to 4.00 p.m, on any working day from the date of the Draft Prospectus until the Issue Closing Date.

### MATERIAL CONTRACTS

1. Memorandum of understanding dated 11<sup>th</sup> June, 2012 among the Company and the Lead Manager.
2. Memorandum of understanding dated 27<sup>th</sup> July, 2012 between the Company and the Registrar to the Issue.
3. Escrow agreement dated [●] among the Company, the Lead Manager, the Escrow Collection Banks, and the Registrar to the Issue.
4. Underwriting agreement dated 28<sup>th</sup> July, 2012 the Company, Lead Manager and Market Maker
5. Market Making Agreement dated 28<sup>th</sup> July, 2012 between the Company, the Lead Manager and the Market Maker.
6. Tripartite agreement between the NSDL, our Company and the Registrar dated July 16, 2012.
7. Tripartite agreement between the CDSL, our Company and the Registrar dated June 26, 2012.

### 1. MATERIAL DOCUMENTS

1. Copy of Certificate of Incorporation Dated 24<sup>th</sup> March, 1995 issued by Registrar of Companies, Gujarat, Dadra & Nagar Haveli.
2. Copy of Fresh Certificate of Incorporation consequent to change of name Dated 12<sup>th</sup> February, 1998 and further copy of certificate of incorporation upon consequent of change of name Dated 12<sup>th</sup> June, 2007 and copy of certificate of incorporated consequent upon change of name on conversion of to public limited company Dated 01<sup>st</sup> June, 2012 issued by Registrar of Companies, Gujarat, Dadra & Nagar Haveli.
3. The Company's Memorandum and Articles of Association as amended.
4. Board Resolutions and Shareholders' resolution dated April 30, 2012 and June 04, 2012 in authorizing the Issue and other related matters.
5. Copies of Annual Reports of our Company for the years ended March 31, 2008, 2009, 2010, 2011 and March 31, 2012.

6. Consents of Auditors, Bankers to the Company, Market Maker, Lead Manager, Registrar to the Issue, Escrow Bankers, Legal Advisor to the Issue, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
7. Report of the Peer Review Auditor dated 9<sup>th</sup> July 2012 from M/s. Loonia and Associates , the Peer Review Auditors of the Company on our Company's restated financial statements for the years ended March 31, 2008, 2009, 2010, 2011 and 2012.
8. Copy of the Statement of Possible Tax Benefits dated 9<sup>th</sup> July, 2012 issued by the Statutory Auditors of the Company M/s. Loonia and Associates, Chartered Accountants.
9. Approval from BSE vide letter In-principle listing approvals dated [•] to use the name of BSE in this Offer Document for listing of Equity Shares on from the SME Platform of the BSE
10. Due Diligence certificate(s) dated July 30,2012 of the Lead Manager to be submitted to SEBI along with the filing of the Prospectus
11. Ordinary Resolution passed in the Annual General Meeting dated July 30, 2012 for the detailed terms of appointment of Mr.Ravi J. Bhandari as Chairman and Managing director and Mrs. Rekha R. Bhandari as Whole Time Director.

Any of the contracts or documents mentioned in the Draft Prospectus 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.

### DECLARATION

*We, the Directors of the Company, hereby declare that, all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the regulations or guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Draft Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, each as amended or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Prospectus are true and correct.*

### SIGNED BY THE DIRECTORS OF OUR COMPANY:

Name	Designation	Signatures
Mr. Ravi Jagdish Bhandari	Managing Director	Ravi Bhandari
Mrs. Rekha Ravi Bhandari	Whole Time Director	Rekha Bhandari
Mrs. Nimisha Varun Modi	Independent Director	Nimisha
Mr. Mohjeet Kumar Chopra	Independent Director	Mohjeet
Mr. Abhishek Lalaram Shah	Independent Director	Abhishek

### SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER OF OUR COMPANY

Name & Designation	Signature
Ms. Pooja Gwalani	Pooja Gwalani

Date: July 30, 2012

Place: Ahmedabad