





Draft Prospectus
Fixed Price Issue
Dated: July 13, 2013
Please read Section 60B of the
Companies Act, 1956

SUBH TEX (INDIA) LIMITED

Our Company was incorporated as 'Ravi Synthetic Private Limited' a private limited company under the Companies Act, 1956 pursuant to Certificate of Incorporation dated November 16, 1987 bearing registration number 45305 of 1987 issued by the Registrar of Companies, Maharashtra. The name of our Company was changed to 'Subh Tex (India) Private Limited' pursuant to fresh certificate of incorporation consequent upon change of name dated December 13, 1990, issued by the Additional Registrar of Companies, Maharashtra. Thereafter, our Company was converted into a public limited company under the Companies Act and the name of our Company was changed to its present name 'Subh Tex (India) Limited' pursuant to fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated July 03, 2003 issued by the Deputy Registrar of Companies, Maharashtra. Our corporate identification number is U99999MH1987PLC045305. For further details of our Company, please refer to the chapters titled 'General Information' and 'History and Certain Corporate Matters' beginning on page numbers 28 and 79, respectively, of the Draft Prospectus.

Registered Office: 18, Surti Chamber, 2nd Dhobi Talao Lane, Mumbai - 400 002, Maharashtra; **Tel. No.:** +91 22 2203 6030 / 2203 6028

Company Secretary and Compliance Officer: Jitendra Tiwari; **Email:** subhtexindia@gmail.com; **Website:** www.subhtexindia.com

PROMOTERS: 1) SANTOSH KUMAR PRALHADRAI SARAF AND 2) SHRADDHA ANIMESH GUPTA	
PUBLIC ISSUE OF 35,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF SUBH TEX (INDIA) LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT PAR, AGGREGATING ₹ 350 LACS ("THE ISSUE"), OF WHICH 1,80,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKERS TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 33,20,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH AT PAR AGGREGATING ₹ 332.00 LACS IS HEREINAFTER REFERED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 31.82% AND 30.18% RESPECTIVELY OF THE FULLY DILUTED POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR 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 please refer the section titled 'Issue Related Information' beginning on page 157 of the Draft Prospectus All potential investors may participate in the Issue through an 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 164 of the 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.	
THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE OF ₹ 10 IS 1 TIME OF THE FACE VALUE	
RISKS IN RELATION TO FIRST ISSUE	
This being the first public issue of the Issuer, there has been no formal market for our Equity Shares. The face value of the Equity Shares of our Company is ₹ 10 and the Issue price of ₹ 10 per Equity Share is 1 time of the face value. The Issue Price (as determined by our Company in consultation with the Lead Manager, as stated under the chapter titled 'Basis for the Issue Price' beginning on page 50 of the Draft Prospectus) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.	
GENERAL RISKS	
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of the Draft Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page 9 of the Draft Prospectus.	
ISSUER'S ABSOLUTE RESPONSIBILITY	
The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Prospectus contains all information with regard to the Issuer and this Issue, which is material in the context of this Issue, that the information contained in the Draft Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect.	
LISTING	
The Equity Shares offered through the Draft Prospectus are proposed to be listed on the BSE SME Platform. In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are not required to obtain an in-principal listing approval for the shares being offered in this issue. However, our Company has received an approval letter dated [●] from BSE for using its name in this offer document for listing of our shares on the SME Platform of BSE. For the purpose of this Issue, the designated Stock Exchange will be the BSE Limited ("BSE").	
LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 Basan Financial Services Limited 3-6-196/197, 2 nd Floor, Flat No. 204 A & B, Himayath Nagar, Hyderabad – 500029. A. P. Tel No: +91 40 6464 5000; Fax No: +91 40 23 266 166 Website: www.basanonline.com; Email: mbd@basanonline.com Investor Grievance ID: investorgrievances@basanonline.com SEBI Registration No: INM 000011989 Contact Person: Mr. V R Amitkumar	 Sharepro Services (India) Private Limited 13AB, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Saki Naka, Andheri (East), Mumbai - 400 072. Tel No: +91 22 6191 5402 / 5404; Fax No: +91 22 6191 5444 Website: www.shareproservices.com; Email: sme.ipo@shareproservices.com SEBI Registration No: INR000001476 Contact Person: Subhash Dhingreja
ISSUE PROGRAMME	
ISSUE OPENS ON: [●]	ISSUE CLOSES ON: [●]

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In the Draft Prospectus, unless the context otherwise requires, the terms defined and abbreviations stated hereunder shall have the meanings as assigned therewith as stated in this Section.

General Terms

Term	Description
“Subh Tex (India) Limited”, “STIL”, “Subh Tex”, “We” or “us” or “our Company” or “the Issuer”	Unless the context otherwise requires, refers to Subh Tex (India) Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 18, Surti Chamber, 2 nd Dhobi Talao Lane, Mumbai - 400 002, Maharashtra

Company Related Terms

Terms	Description
Articles / Articles of Association	Unless the context otherwise requires, refers to the Articles of Association of Subh Tex (India) Limited, as amended from time to time.
Auditors	The Statutory Auditors of our Company, being MNRD & Associates, Chartered Accountants
Board of Directors / Board	The Board of Directors of Subh Tex (India) Limited, including all duly constituted Committees thereof.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1956, as amended from time to time
Director(s)	Director(s) of Subh Tex (India) Limited unless otherwise specified
Equity Shares	Equity Shares of our Company of Face Value of ₹ 10 each unless otherwise specified in the context thereof
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
MOA / Memorandum / Memorandum of Association	Memorandum of Association of Subh Tex (India) Limited
Non Residents	A person resident outside India, as defined under FEMA
NRIs / Non Resident Indians	A person resident outside India, as defined under FEMA
NRIs / Non Resident Indians	A person outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign 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 validity constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Promoters/ Core Promoters	1. Santosh Kumar Pralhadrai Saraf 2. Shraddha Animesh Gupta
Registered and/or Corporate Office	The Registered and Corporate Office of our company which is located at 18, Surti Chamber, 2 nd Dhobi Talao Lane, Mumbai - 400 002, Maharashtra
RoC	Registrar of Companies, Maharashtra situated at Mumbai
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 August 26, 2009 as amended
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
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of our Company
Allotment	Issue of the Equity Shares pursuant to the Issue to the successful applicants
Allottee	The successful applicant to whom the Equity Shares are being / have been issued
Bankers to our Company	Corporation Bank
Bankers to the Issue	[•]
BSE	BSE Limited
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Escrow Account	Account opened/to be opened with the Escrow Collection Bank(s) and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement entered / to be entered into amongst our Company, Lead Manager, the Registrar, 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 condition 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 our Company will be opened
IPO	Initial Public Offering
Issue / Issue Size / Public Issue	The Public Issue of 35,00,000 Equity Shares of ₹ 10 each at ₹ 10 per Equity Share aggregating to ₹ 350.00 Lacs (Rupees Three Hundred and Fifty Lacs Only) by Subh Tex (India) Limited
Issue Price	The price at which the Equity Shares are being issued by our Company under this Prospectus being ₹ 10
LM / Lead Manager	Lead Manager to the Issue, in this case being Basan Financial services Limited
Listing Agreement	Unless the context specifies otherwise, this means the SME Equity Listing Agreement to be signed between our company and the SME Platform of BSE.
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of 33,20,000 Equity Shares of ₹ 10 each at ₹ 10 per Equity Share aggregating to ₹ 332.00 Lacs (Rupees Three Hundred Thirty Two Lacs Only) by Subh Tex (India)

	Limited
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue opening and closing dates and other information
Qualified Institutional Buyers / QIBs	As defined under the SEBI ICDR Regulations, including public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 2,500 Lacs, pension fund with minimum corpus of ₹ 2,500 Lacs, NIF and insurance funds set up and managed by army, navy or air force of the Union of India, Insurance funds set up and managed by the Department of Posts, India
Refund Account	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 Bank	[•]
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable
Registrar/ Registrar to the Issue	Registrar to the Issue being Sharepro Services (India) Private Limited
Regulations	Unless the context specifies something else, this means the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended from time to time.
Retail Individual Investors	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than ₹ 2,00,000
SCSB	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in/pmd/scsb.pdf
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.
Underwriters	Basan Financial services Limited and Basan Equity Broking Limited
Underwriting Agreement	The Agreement entered into between the Underwriters and our Company dated July 09, 2013
Working Days	All days on which banks in Mumbai are open for business except Sunday and public holiday, provided however during the Application period a working day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a public holiday

Technical / Industry Related Terms

Term	Description
DG Sets	Diesel Generator Sets
DFIA	Duty Free Import Authorisation
DEPB	Duty entitlement pass book scheme
ETP	Effluent Treatment Plant
EPCG	Export Promotion Capital Goods Scheme
FDI	Foreign Direct Investment
GOI	Government of India
FOB	Free on Board
RONW	Return on Net Worth

Term	Description
SITP	Scheme for Integrated Textile Park
Sq. Mtrs.	Square Meters
SSI	Small Scale Industry
TPA	Tonnes Per Annum
TPD	Tonnes Per Day
TUFS	Technology Upgradation Funds Scheme

Conventional Terms / General Terms / Abbreviations

Abbreviation	Full Form
A/c	Account
ACS	Associate Company Secretary
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY	Assessment Year
BSE	BSE Limited (formerly known as Bombay Stock Exchange Limited)
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Company Identification Number
CIT	Commissioner of Income Tax
DIN	Director Identification Number
DP	Depository Participant
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
F&NG	Father and Natural Guardian
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GDP	Gross Domestic Product
GoI/Government	Government of India
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961, as amended from time to time
ICSI	Institute of Company Secretaries 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
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
NPV	Net Present Value
NRE Account	Non Resident External Account
NRIs	Non Resident Indians
NRO Account	Non Resident Ordinary Account

NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAC	Persons Acting in Concert
PAN	Permanent Account Number
PAT	Profit After Tax
QIC	Quarterly Income Certificate
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
Bn	Billion
₹ or Rs.	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.
Sec.	Section
STT	Securities Transaction Tax
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

Notwithstanding the foregoing:

1. In the section titled '*Main Provisions of the Articles of Association*' beginning on page number 181 of the Draft Prospectus, defined terms shall have the meaning given to such terms in that section;
2. In the chapters titled '*Summary of Our Business*' and '*Our Business*' beginning on page numbers 21 and 71 respectively, of the Draft Prospectus, defined terms shall have the meaning given to such terms in that section;
3. In the section titled '*Risk Factors*' beginning on page number 9 of the Draft Prospectus, defined terms shall have the meaning given to such terms in that section;
4. In the chapter titled '*Statement of Tax Benefits*' beginning on page number 52 of the Draft Prospectus, defined terms shall have the meaning given to such terms in that section;
5. In the chapter titled '*Management's Discussion and Analysis of Financial Conditions and Results of Operations*' beginning on page number 130 of the Draft Prospectus, defined terms shall have the meaning given to such terms in that section.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in the Draft Prospectus is derived from our audited financial statements for the Financial year ended March 31, 2012, 2011, 2010, 2009 and 2008 and for the period ended January 31, 2013 prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Indian GAAP which are included in the Draft Prospectus, and set out in the section titled '*Financial Information*' beginning on page number 102 of the Draft Prospectus. Our Financial Year commences on April 1 and ends on March 31 of the following year, so all references to a particular Financial Year are to the twelve-month period ended March 31 of that year. In the Draft Prospectus, discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and the investors should consult their own advisors regarding such differences and their impact on the financial data. Accordingly, the degree to which the restated financial statements included in the Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Prospectus should accordingly be limited.

Any percentage amounts, as set forth in the sections / chapters titled '*Risk Factors*', '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' beginning on page numbers 9, 71 and 130, respectively, of the Draft Prospectus and elsewhere in the Draft Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Indian GAAP.

Currency and units of presentation

In the Draft Prospectus, unless the context otherwise requires, all references to;

- 'Rupees' or '₹' or 'Rs.' or 'INR' are to Indian rupees, the official currency of the Republic of India.
- 'US Dollars' or 'US\$' or 'USD' or '\$' are to United States Dollars, the official currency of the United States of America.

All references to the word 'Lakh' or 'Lac', means 'One hundred thousand' and the word 'Million' means 'Ten lacs' and the word 'Crore' means 'Ten Million' and the word 'Billion' means 'One thousand Million'.

Industry and Market Data

Unless stated otherwise, industry data used throughout the Draft Prospectus has been obtained or derived from industry and government publications, publicly available information and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although our Company believes that industry data used in the Draft Prospectus is reliable, it has not been independently verified.

Further, the extent to which the industry and market data presented in the 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.

FORWARD LOOKING STATEMENTS

All statements contained in the Draft Prospectus that are not statements of historical facts constitute ‘forward-looking statements’. All statements regarding our expected financial condition and results of operations, business, objectives, strategies, plans, goals and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in the Draft Prospectus regarding matters that are not historical facts. These forward looking statements and any other projections contained in the Draft Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- general economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- our ability to successfully implement strategy, growth and expansion plans and technological initiatives;
- our ability to respond to technological changes;
- our ability to attract and retain qualified personnel;
- the effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- general social and political conditions in India which have an impact on our business activities or investments;
- potential mergers, acquisitions restructurings and increased competition;
- occurrences of natural disasters or calamities affecting the areas in which we have operations;
- market fluctuations and industry dynamics beyond our control;
- changes in the competition landscape;
- our ability to finance our business growth and obtain financing on favourable terms;
- our ability to manage our growth effectively;
- our ability to compete effectively, particularly in new markets and businesses;
- changes in laws and regulations relating to the industry in which we operate changes in government policies and regulatory actions that apply to or affect our business; and
- developments affecting the Indian economy;
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our current plans and expectations and actual results to differ, please refer to the chapters titled ‘*Risk Factors*’, ‘*Our Business*’ and ‘*Management’s Discussion and Analysis of Financial Condition and Results of Operations*’ beginning on page numbers 9, 71 and 130, respectively of the Draft Prospectus.

Forward looking statements reflects views as of the date of the Draft Prospectus and not a guarantee of future performance. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company / our Directors nor the Lead Manager, nor any of its affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the listing and trading permission is granted by the Stock Exchange(s).

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in the Draft Prospectus, including the risks and uncertainties summarised below, before making an investment in our Equity Shares. The risks described below are relevant to the industries our Company is engaged in, our Company and our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the chapters titled ‘Our Business’ and ‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’ beginning on page numbers 71 and 130, respectively, of the Draft Prospectus as well as the other financial and statistical information contained in the Draft Prospectus. Prior to making an investment decision, prospective investors should carefully consider all of the information contained in the section titled ‘Financial Information’ beginning on page number 102 of the Draft Prospectus. Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP.

If any one or more of the following risks as well as other risks and uncertainties discussed in the Draft Prospectus were to occur, our business, financial condition and results of our operation could suffer material adverse effects, and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of investment. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India, and is therefore subject to a legal and regulatory environment that may differ in certain respects from that of other countries.

The Draft Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the considerations described below and elsewhere in the Draft Prospectus.

These risks are not the only ones that our Company face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.

Materiality

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

- 1. Some events may not be material individually but may be material when considered collectively.*
- 2. Some events may have an impact which is qualitative though not quantitative.*
- 3. Some events may not be material at present but may have a material impact in the future.*

INTERNAL RISKS

- 1. Our Company is involved in certain legal proceedings. Any adverse decision in such proceedings may render us to liabilities / penalties which may adversely affect our business and reputation.**

Our Company is involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication. Any adverse decision may render them liable to liabilities/penalties and may adversely affect our business and reputation. A classification of these legal and other proceedings are given in the following table:

Matter involving our Company	Number of cases	Financial implications (₹ in Lacs)*
Excise related matter	1	207.00
Income Tax related matter	7	128.05

For further details regarding these legal proceedings, please refer to the chapter titled ‘Outstanding Litigations and Material Developments’ beginning on page number 140 of the Draft Prospectus.

- 2. Our Company had negative cash flow in recent fiscals, details of which are given below. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.**

(₹ in lacs)

Net Cash flow from	Period ended January 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Operating activities	141.03	909.65	-833.43	-228.20	76.58	528.25
Investing activities	-64.80	317.50	-116.33	298.88	3.02	-612.07
Financing activities	-69.01	-1,244.55	964.50	-72.96	-58.25	78.95

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flow, it may adversely affect our business and financial operations. For further details please refer to the section titled 'Financial Information' and chapter titled 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on page numbers 102 and 130, respectively, of the Draft Prospectus.

3. *The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at the discretion of our management and as per the details mentioned in the section titled "Objects of the Issue". Any revision in the estimates may require us to reschedule our project expenditure and may have a bearing on our expected revenues and earnings.*

Our funding requirements and the deployment of the proceeds of the Issue are purely based on our management's estimates and have not been appraised by any bank or financial institution. Our Company may have to revise such estimates from time to time and consequently our funding requirements may also change. Our estimates for the project may exceed the value that would have been determined by third party appraisals and may require us to reschedule our project expenditure which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our management and is not subject to monitoring by any external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee.

4. *Our business requires us to obtain and renew certain registrations, licenses and permits from government and regulatory authorities and the failure to obtain and renew them in a timely manner may adversely affect our business operations.*

Our business operations require us to obtain and renew from time to time, certain approvals, licenses, registration sand permits, some of which may expire and for which we may have to make an application for obtaining the approval or its renewal. We will be applying for certain approvals relating to our business. If we fail to maintain such registrations and licenses or comply with applicable conditions, or a regulatory authority claims we have not complied, with these conditions, our certificate of registration for carrying on a particular activity may be suspended and/or cancelled and we will not then be able to carry on such activity.

Further, we may become liable to penal action if our activities are adjudged to be undertaken in the manner not authorized under the applicable law. This could materially and adversely affect our business, financial condition and results of operations. We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future. For more information about the licenses required in our business and the licenses and approvals applied for, please refer to sections titled "Government and other Key Approvals" beginning on page 124 of the Draft Prospectus.

5. *The proposed objects of the issue for which funds are being raised have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at the discretion of our management and as per the details mentioned in the section titled "Objects of the Issue". Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.*

The objects of the issue for which part of the fund are being raised have not been appraised by any bank or financial institution. In the absence of such independent appraisal, the requirement of funds raised through this issue, as specified in the section titled "objects of the issue" are based on our Company's estimates and deployment of these funds is at the discretion of the management and the Board of Directors of our 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.

6. *Our Company was previously banking with Canara Bank since 1997. However, due to market conditions, we were not able to service the accounts maintained with Canara Bank, and Canara Bank vide their letter no. CB/CR/LPD/sti/2685/2007/SKG dated January 22, 2007, had sanctioned an OTS (One Time Settlement) for our account. Our Company thereafter honoured the conditions mentioned in the OTS letter and Canara Bank vide their letter no. 1011/CR/Sub-Tex-1010/2007/SKG dated January 07, 2008 have acknowledged that there are no dues payable to Canara Bank from our Company.*
7. *Our current promoters are Santosh Kumar Pralhadrai Saraf and Shraddha Animesh Gupta. Our Promoters do not have any experience or background in manufacturing of Suitngs or Shirting. Hence, we may not be able to estimate our future performance and our expansion and diversification plans may not yield the benefits actually intended.*

The current promoters i.e. Santosh Kumar Pralhadrai Saraf and Shraddha Animesh Gupta took over our Company on July 31, 2012 along with complete management control. Our current promoters do not have any experience or background in manufacturing of Suitngs or Shirting. Our Promoters, Mr. Santosh Kumar Pralhadrai Saraf has been engaged in the business of trading in textiles. Further, Mrs. Shraddha Animesh Gupta does not have any past experience of managing any business. Therefore our prospects must be considered in light of the risks and uncertainties encountered in evolving markets and changing trends where demand and supply for our products manufactured may vary. As a result we cannot give any assurance about our business strategy being successful. Our expansion plans are based on internal Company/Management estimates. Actual market conditions may vary from these estimates and therefore my not yield the returns intended.

8. *If we are unable to retain the services of our Key Managerial Personnel, our business and our operating results could be adversely impacted.*

We are dependent on our Key Managerial Personnel for setting our strategic direction and managing our businesses. The loss of our key managerial personnel may materially and adversely impact our business, results of operations and financial condition.

9. *We have not made any alternate arrangements for meeting our fund requirements for the Objects of the issue. Further we have not identified any alternate source of financing the ‘Objects of the Issue’. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.*

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

Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may adversely affect our growth plans. For further details please refer to the chapter titled “Objects of the Issue” beginning on page 47 of this Prospectus.

10. *Substantial portion of our revenues has been dependent upon our few clients. The loss of any one or more of our major clients would have a material adverse effect on our business operations and profitability.*

For the year ended March 31, 2012, our five largest clients accounted for approximately 41.86% of our gross sales while for the financial years ended March 31, 2011 and 2010, our five largest clients accounted for approximately 57.10% and 78.83%, respectively of our gross sales. The loss of a significant client or clients would have a material adverse effect on our financial results. We cannot assure you that we can maintain the historical levels of business from these clients or that we will be able to replace these clients in case we lose any of them. Further the business with clients is based on regular requirements rather than any yearly contracts.

11. We are dependent upon few suppliers for our raw material for our current manufacturing facilities. In an eventuality where our suppliers are unable to deliver us the required materials in a time-bound manner it may have a material adverse effect on our business operations and profitability.

About 39.21% of our purchases depend upon our top 5 suppliers for the year ended March 31, 2012. Further our top 10 suppliers contribute about 58.34% of our total purchases for the year ended March 31, 2012. Any problems faced by our suppliers in their manufacturing facilities resulting in delays or non-adherence to quality requirements could adversely impact our ability to meet our customer's requirements in time and our operations would be affected to the extent we are unable to line up supplies from alternate suppliers.

12. Currently, we have an aggregate outstanding export obligation of US\$ 0.15 mn which needs to be fulfilled. Failure to meet export obligation would entail payment of the amount of duty saved together with interest.

Currently, we have an outstanding export obligation of US\$ 0.15 mn which needs to be fulfilled. This amount pertains to various EPCG Licences. The detail of the licences and outstanding export obligations is as follows:

Sr. No.	Details	Licence No.	Issue / Authorisation Date	Duty Saved (₹ in Lacs)	Export Obligation (in US\$)	Export Obligation completed (in US \$)	Balance Export obligation to be completed (in US \$)	Period upto which Export Obligation to be completed
1	EPCG	330026396	23.06.2010	12.04	1,50,932.98	0.00	1,50,932.98	6 Years from the date of Authorisation

As per the EPCG scheme, we are required to export goods aggregating in value to eight times of the custom duty saved, failing which an amount equivalent to the duty amount saved along with interest at applicable rates would be required to be paid to the Government of India.

In case our Company does not fulfil the export obligation our Company shall be liable to pay ₹ 12.04 lacs being duty saved with interest @ 15% p.a. on the amount saved from the date of first consignment till the date of payment. Our profitability will be affected to the extent of the amount paid to the Government on account of our failure to meet the export obligations.

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

We have not paid any dividends since incorporation. Our future ability to pay dividends will depend on our earnings, financial condition and capital requirements. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. There can be no assurance that we will generate sufficient income to cover the operating expenses and pay dividends to the shareholders.

Our ability to pay dividends will also depend on our expansion plans. We may be unable to pay dividends in the near or medium term, and the future dividend policy will depend on the capital requirements and financing arrangements for the business plans, financial condition and results of operations.

14. We do not own our Registered Office from which we operate.

We do not own the premises on which our Registered Office is situated. Mr. Ashok Gupta, vide his letter dated July 30, 2012, has given the office premises to be used as the registered office, without payment of any lease rent and/or deposit. We cannot assure you that we will own, or have the right to occupy, these premises in the future, or that we will be able to continue with the uninterrupted use of this property, which may impair our operations and adversely affect our financial condition. For further details of our office premises please refer to the section titled "Our Business Overview" on page 72 of this Prospectus.

15. *We have not made an application for registration of our trademark under the Trade Marks Act. Our ability to use the trademark may be impaired.*

Our Company's business may be affected due to our inability to protect our existing and future intellectual property rights. We have not made an application for registration of trademark over our name and logo under the Trade Marks Act and consequently do not enjoy the statutory protections accorded to a trademark registered in India and cannot prohibit the use of such name and logo by anybody by means of statutory protection.

16. *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 our capital requirements. In addition, our Promoters and certain shareholders may dispose off 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.

17. *We have in the past entered into related party transactions and may continue to do so in the future.*

We have entered into transactions with our promoters and our Promoter Group. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For further details, please refer to "Annexure XVI – Related Party Transactions" of the "Auditors Report" beginning on page 97 of this Prospectus.

18. *Mishaps or accidents in the manufacturing facilities could result in a loss or shutdown of operations and could also cause damage to life and property.*

The manufacturing facilities of our Company are subject to operating risks, including but not limited to, breakdown or accidents & mishaps. While, till date, there have not been any incidents involving mishaps or major accidents, we cannot assure that these may not occur in the future. Any consequential losses arising due to such events will affect our operations and financial condition.

19. *Our Company's employees are not a part of any trade union. In the event they form a union it may be lead to industrial unrest, slowdowns and increased wage costs.*

India has stringent labour legislations that protect the interests of workers, including legislations that set forth procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Our Company's employees have not formed any union till date; however, there can be no assurance that they will not form a union in the future. If the employees form a union, it may become difficult for our Company to maintain flexible labour policies, and our Company's business may be adversely affected.

20. *Any disruption affecting the production facilities could have a material adverse effect on our Company's business, financial position and results of operations.*

Any significant interruption to the operations as a result of industrial accidents, severe weather or other natural disasters could materially and adversely affect our Company's business, financial condition and results of operations. There can be no assurance that such events may not occur and that if they do occur, the production capacity would not be materially and adversely impacted. Our Company is also subject to mechanical failure and equipment shutdowns. In the event that our Company is forced to shut down any of its production facilities for a significant period of time, it would have a material adverse effect on its earnings, other results of operations and its financial condition as a whole.

As a manufacturing business our Company's success depends on the smooth supply and transportation of the products from its plants to their customers, which are subject to various uncertainties and risks.

Disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair its ability to supply products to its customers. Although our Company has not encountered any significant disruptions in the supply of its products, our Company cannot provide any assurance that such disruptions due to occurrence of any of the factors cited above will not occur in the future.

21. The loss of key suppliers or their failure to deliver equipment and material on a timely basis could negatively impact our business prospects and results of operations.

We rely on various suppliers to provide raw materials like Polyester Viscose Yarn and Polyester Texturised Yarn for our manufacturing operations. We must have an adequate supply of such materials to execute our order positions at all times. We purchase all the required materials from our suppliers on a purchase order basis and have no long-term contracts with any suppliers. If the suppliers, most of whom are local/domestic, are unable to supply us with these materials products in a timely manner or the costs of these products increase due to unforeseen circumstances, this could negatively impact our operating results

22. Contingent liabilities as at January 31, 2013 aggregating ₹ 375.27 Lacs which have not been provided for could adversely affect our financial conditions.

Our contingent liabilities as at January 31, 2013 aggregated ₹ 375.27 Lacs. If any or all of these contingent liabilities materialize, it could have an adverse effect on our business, financial condition and results of operation.

Particulars	₹ in Lacs
Central Excise Disputes contested	285.94
Income Tax Disputes contested	89.33
Total	375.27

23. Some of the Group Companies promoted by our Promoters have incurred losses in the last three years. Sustained financial losses by our Group Companies may not be perceived positively by external parties such as clients, customers, bankers, shareholders etc, which may affect our credibility and business operations.

The following Group Companies promoted by the Promoters has incurred losses in one or more of the last three years:

Name of the Company	FY 2012	FY 2011	(₹ Lacs) FY 2010
Shree Sati Plastic and Chemicals Private Limited	(16.83)		

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

As per our current financing arrangements with banks, we are subject to certain restrictive covenants which require us to obtain the prior consent of the respective lenders before undertaking certain actions such as:

- effect any change in the capital structure
- formulate any scheme of amalgamation or reconstruction.
- implement any scheme of expansion or acquire fixed assets.
- make investments/ advances or deposit amounts with any other concern.
- enter into borrowing arrangements with any bank/FI/company.
- undertake guarantee obligations on behalf of any other company.
- declare dividends for any year except out of profits relating to that year

Although we have received the NoC cum Consent from our lenders for this issue, we can not assure you that we will be able to receive such consents in future.

25. We have unsecured loans, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations.

As per our restated financial statements, as on January 31, 2013, we have unsecured loan of ₹ 63.94 lacs which is repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations and liquidity. For further details of these unsecured loans, please refer to Auditors' Report beginning on page 157 of the Draft Prospectus.

26. *Our insurance cover may be inadequate to fully protect us from all losses and may intun adversely affect our financial condition.*

We maintain such insurance coverage as we believe is customary for our Company. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain premises and vehicle insurance coverage. However, we cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. 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 flow may be affected.

EXTERNAL RISKS

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

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

2. *Global recession and market conditions could cause our business to suffer.*

The developed economies of the world viz. U.S., Europe, Japan and others are in midst of recovering from recession which is affecting the economic condition and markets of not only these economies but also the economies of the emerging markets like Brazil, Russia, India and China. General business and consumer sentiment has been adversely affected due to the global slowdown and there cannot be assurance, whether these developed economies will see good economic growth in the near future. Consequently, this has also affected the global stock and commodity markets.

3. *Any disruption in the supply of power, IT infrastructure, telecom lines and disruption in internet connectivity could disrupt our business process or subject us to additional costs.*

Any disruption in basic infrastructure or the failure of the Government to improve the existing infrastructure facilities could negatively impact our business since we may not be able to provide timely or adequate services to our clients. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure, internet connectivity or telecom lines is disrupted. This may result in the loss of a client, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations and could lead to decline in the price of our Equity Shares.

4. *Natural calamities and changing weather conditions caused as a result of global warming could have a negative impact on the Indian economy and consequently impact our business and profitability.*

Natural calamities such as draughts, floods, and earthquakes could have a negative impact on the Indian economy and may cause suspension, delays or damage to our current projects and operations, which may adversely impact our business and our operating results. India's being a monsoon driven economy, climate change caused due to global warming bringing deficient / untimely monsoons could impact Government policy which in turn would adversely affect our business.

5. *We are subject to risks arising from interest rate fluctuations, which could adversely impact our business, financial condition and operating results.*

Changes in interest rates could significantly affect our financial condition and results of operations. If the interest rates for our existing or future borrowings increase significantly, our cost of servicing such debt will increase. This may negatively impact our results of operations, planned capital expenditures and cash flows.

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

Any increase in the tax rates including surcharge and education cess applicable to us 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.

7. *Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.*

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued in the future. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and adversely affect our business, financial condition and results of operations.

8. *Civil unrest, acts of violence including terrorism or war involving India and other countries could materially and adversely affect the financial markets and our business.*

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Terrorist attacks and other acts of violence may adversely affect the Indian stock markets, where our Equity Shares will trade, and the global equity markets generally.

9. *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 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.

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

Prior to this Issue, there has been no public market for our Equity Shares. Our Company and the Lead Manager have appointed Basan Equity Broking Limited as Designated Market Maker for the equity shares of our company. 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 and Finance industry, 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 chapter titled “General Information” beginning on page 27 of this Prospectus.

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

Following 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 this circuit breaker, 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. This is a Public Issue of 35,00,000 Equity Shares of ₹ 10 each at a price of ₹ 10 per Equity Share aggregating ₹ 350.00 Lacs (Rupees Three Hundred Fifty Lacs Only).
2. For information on changes in our Company’s name, Registered Office and changes in the objects clause of the MOA of our Company, please refer to the chapter titled “History and Certain Corporate Matters” beginning on page 77 of the Prospectus.
3. Our Net Worth as at March 31, 2012 was ₹ 1,625.42 Lacs and as at January 31, 2013 was ₹ 1643.45 Lacs.
4. The Net Asset Value per Equity Share as at March 31, 2012 was ₹ 21.67 and as at January 31, 2013 was ₹ 21.91.
5. Investors may contact the Lead Manager for any complaint pertaining to the Issue. All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the Applicant, number of Equity Shares for which the applied, Application Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form has been submitted by the ASBA Applicant.
6. The average cost of acquisition per Equity Share by our Promoters is set forth in the table below:

Name of the Promoters	Average cost of acquisition (in ₹)
Santosh Kumar Pralhadrai Saraf	10.00
Shraddha Animesh Gupta	10.67

For further details relating to the allotment of Equity Shares to our Promoter, please refer to the chapter titled “Capital Structure” beginning on page 32 of the Prospectus.

7. 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.
8. Investors are advised to refer to the paragraph titled “Basis for Issue Price” beginning on page 51 of this Prospectus.

9. The Lead Manager and our Company shall update this Prospectus and keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Prospectus and commencement of trading.
10. 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.
11. In the event of over-subscription, allotment shall be made as set out in paragraph titled “*Basis of Allotment*” beginning on page 149 of this 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.
12. 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 Subh Tex (India) 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 80 of this Prospectus.
13. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Auditors Report. For details please refer to “*Section VI Financial Information*” beginning on page 97 of this Prospectus.
14. No part of the Issue proceeds will be paid as consideration to Promoters, Directors, Key Managerial Personnel or persons forming part of Promoter Group.
15. There has been no financing arrangement whereby the Promoter Group, our Directors and their relatives have financed the purchase, by any other person, of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the Prospectus.
16. The details of transaction by our Company are disclosed under “*Related Party Transactions*” in “*Section VI Financial Information*” of our Company beginning on page 97 of this Prospectus.
17. Since inception, our Company has issued 40,00,000 bonus shares in the ratio of 2:1, on March 25, 2004, by capitalization of free reserves.
18. Our Company was incorporated as ‘Ravi Synthetic Private Limited’ a private limited company under the Companies Act, 1956 pursuant to Certificate of Incorporation dated November 16, 1987 bearing registration number 45305 of 1987 issued by the Registrar of Companies, Maharashtra. The name of our Company was changed to ‘Subh Tex (India) Private Limited’ pursuant to fresh certificate of incorporation consequent upon change of name dated December 13, 1990, issued by the Additional Registrar of Companies, Maharashtra. Thereafter, our Company was converted into a public limited company under the Companies Act and the name of our Company was changed to its present name ‘Subh Tex (India) Limited’ pursuant to fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated July 03, 2003 issued by the Deputy Registrar of Companies, Maharashtra. Our corporate identification number is U99999MH1987PLC045305.
19. Our Company does not have any contingent liabilities outstanding as on January 31, 2013, except as detailed below:

Particulars	₹ in Lacs
Central Excise Disputes contested	285.94
Income Tax Disputes contested	89.33
Total	375.27

SECTION III – INTRODUCTION

SUMMARY OF OUR INDUSTRY

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14% to industrial production, 4 percent to the GDP, and 17% to the country's export earnings. It provides direct employment to over 35 million people. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian textiles industry is extremely varied, with the hand-spun and hand woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized power looms/ hosiery and knitting sectors form the largest section of the Textiles

(Source: Annual Report 2011 – 2012, Ministry of Textiles, GOI)

ORGANISED COTTON/ MAN - MADE FIBRE TEXTILES INDUSTRY

The Cotton / Man-made fibre textile industry is the largest organized industry in the country in terms of employment (nearly 1 million workers) and number of units. Besides, there are a large number of subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancillaries, dyes & chemicals. As on 30.11.2011, there were 1946 cotton/man-made fibre textile mills (non-SSI) in the country with an installed capacity of 43.13 million spindles 5,20,000 rotors and 52,000 looms.

Textile production covering man-made fibre, man-made filament yarn and cotton yarn is showing a decreasing trend. Blended and 100% non cotton yarn production recorded an increase of 5.2% during 2011-12 (April – October 2011). The production of spun yarn during April-Oct. (2011-12) has shown a decrease of 8.1%. The production of cotton yarn during 2011-12 (April-Oct. 2011) recorded a decrease of 12.7% (Provisional). Cloth production by mill sector showed marginal increase of 4.6% during April-Oct. (2011-12) (provisional). During the same period cloth production by power loom and hosiery sector showed a decrease of 4.4% and 17.8% respectively. However the cloth production in handloom sector showed an increase of 3%.

(Source: Annual Report 2011 – 2012, Ministry of Textiles, GOI)

MAN- MADE STAPLE FIBRE AND FILAMENT YARN INDUSTRY

The man-made fibre and yarn industry comprises fibre and filament yarn manufacturing units of cellulosic and non-cellulosic origin. The cellulosic fibre/ yarn industry is under the administrative control of the Ministry of Textiles while non-cellulosic industry is under the control of Ministry of Chemical and Fertilizers (Department of Chemicals and Petro Chemicals). This industry has a vital role to play in the Textile industry in the sense that out of total consumption of 6.94 billion kgs of fibre (2010-11) including cotton and man-made, 2.57 billion kgs i.e. 37%, is manufactured by the man-made fibre / yarn industry.

The production of man-made fibre during 2010-11 amounted to 1284.64 million kg as compared to 1268.04 million kg during the previous year constituting an increase of 1.31%. The percentage increase / decrease in production of polyester staple fibre, acrylic staple fibre and polypropylene staple fibre during 2010-11 were 2.77%, (-) 12.74% and 11.28% respectively as compared to 2009-10.

The production of man-made filament yarn during 2010-11 amounted to 1549.80 million kg in comparison to 1522.72 million kg during the previous year constituting an increase of 1.78%. The percentage increase / decrease of nylon filament yarn, polyester filament yarn and polypropylene filament yarn during the period were 10.25%, 1.91% and (-) 11.16%.

The import of man-made fibre / filament yarn showed a decreasing trend during the last five years except during 2010-11. The import of man-made fibre / yarn amounted to 103.19 million kg during 2010-11 as compared to 87.24 million kg previous year 2009-10 constituting an increase of 18.28%

The export of man-made fibre / filament yarn showed a mixed trend during the last five years. The export increased during the year 2010-11 in comparison to previous year. The export of man-made fibre / yarn

amounted to 498.70 million kg during 2010-11 as compared to 366.31 million kg during previous year 2009-10 constituting an increase of 36.14%

(Source: <http://www.texmin.nic.in/> A&MMT Section, Updated on 11-04-2012)

The Road Ahead

Considering the overwhelming response to the scheme and opportunities for growth of the textiles industry and in view of the consistent requests from State Governments, industry groups and entrepreneurs for setting up of new textile parks, a note was submitted by the Ministry of Textiles for consideration of the Cabinet Committee on Economic Affairs for approval of more Textile Parks. The CCEA has approved the proposal for sanction of additional parks under SITP to utilize the balance Rs 200 crore (US\$ 35.60 million) in the Eleventh Five Year Plan and number of projects be limited in such a way that committed liability of the new parks does not exceed Rs 200 crore (US\$ 35.60 million) in the Twelfth Five Year Plan. The CCEA also approved the revised guidelines enabling a two tier scrutiny and approval mechanism. The proposals received for new parks have been examined by the Project Scrutiny Committee (PSC) comprising representatives from Ministry of Finance, Planning Commission, Ministry of Commerce & Industry, and Ministry of Environment & Forest. After examination by PSC, 21 new Textile Park proposals have been approved by the Project Approval Committee under the Chairmanship of Minister of Textiles with Secretary (T) and JS concerned as members.

(Source: http://www.ibef.org/artdispview.aspx?art_id=31705&cat_id=123&in=73)

SUMMARY OF OUR BUSINESS

Our Company was incorporated on November 16, 1987 as a Private Limited Company under the name Ravi Synthetics Private Limited and subsequently the name of our Company changed the name to Subh Tex (India) Private Limited on December 13, 1990 and became a public limited with effect from July 03, 2003.

Our Company is an ISO 9001:2008 certified organization which manufactures suitings and shirtings. We also export finished suitings to various countries in the Middle East region. Other than the above, we also do trading activities of various materials (semi-finished and finished products) in the textile market.

We initially started our business operations by commencing trading activities. Thereafter in the year 1993, we set up a yarn-dyeing unit at Vapi, Gujarat. However, due to intense competition and viability issues, the said unit was shut down in the year 1998. In the meantime, during the year 1997, we started our Fabric Weaving unit (Unit I) at 277/1/2, Demni Road, Dadra, Dadra & Nagar Haveli (Union Territory) with 36 Sulzer-make powerlooms. Unit I had a capacity to manufacture 1.08 lac meters of textile material per month.

In the year 2002 our Company started operations in its second unit for Fabric Weaving (Unit II) at Plot No. 18, Village Dadra, Dadra & Nagar Haveli (Union Territory) by installing 40 Sulzer-make powerlooms. In July 2012 our Company shifted its entire machinery of Unit I to Unit II. Currently we have a single unit for the manufacturing of grey fabric with an installed capacity of 2.29 Lacs mtrs/month, while our registered office is situated in Mumbai.

Currently, our company is engaged in the business of manufacturing fabric viz suiting & shirting for the domestic and international market. At the same time our Company is involved in trading of various textile products which are of high quality and also bulk trading. These textile goods are in demand and give us an income over and above the manufacturing activity. Also we plan to leverage on the marketing exposure and contacts which we generate from our trading activities which will be useful for converting our trading clients as clients of our manufactured products.

A year-wise build-up of our capacities is given below:

Sr. No.	Year	Capacity
1.	1997	13.00 lac meters p.a.
2.	2002	14.50 lac meters p.a.
Total existing capacity as on date		27.50 lac meters p.a.

SUMMARY OF OUR FINANCIAL INFORMATION

The following tables set forth summary financial information derived from restated financial statements as of and for the financial years ended March 31, 2008, 2009, 2010, 2011 and 2012 and for the period ended January 31, 2013. These financial statements have been prepared in accordance with the Indian GAAP, the Companies Act and the SEBI ICDR Regulations and presented under the section titled “*Financial Information*” beginning on page number 102 of the Draft Prospectus. The summary financial information presented below should be read in conjunction with the chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” and “*Financial Information*” beginning on page numbers 130 and 102, respectively of the Draft Prospectus.

Statement of Assets and Liabilities (As Restated)

(₹ in Lacs)

Particulars	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Non-Current Assets						
a) Fixed Assets						
Tangible Assets	610.92	590.14	558.17	487.36	525.78	564.57
Capital Work -in-Progress	0.00	0.00	1.42	1.42	0.00	0.00
Total Fixed Assets (a)	610.92	590.14	559.59	488.78	525.78	564.57
b) Non Current Investments	22.12	22.12	422.12	422.12	722.12	722.12
c) Long Term Loans and Advances	281.10	85.83	62.84	64.08	51.07	41.91
d) Deferred Tax Asset	22.88	23.38	18.92	20.82	28.15	25.98
Total Non Current Assets	937.02	721.47	1,063.47	995.80	1,327.12	1,354.58
Current assets						
Current Investments	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	919.86	720.72	721.69	520.06	526.51	430.75
Trade Receivables	2,201.30	2,657.92	1,272.15	787.30	1,209.20	1,194.50
Cash and Cash Equivalents balances	25.78	18.56	35.96	21.22	23.50	2.15
Short Term Loans and advances	94.58	211.08	1,477.11	720.60	255.94	195.97
Other Current Assets	0.00	0.44	0.00	0.00	0.00	0.00
Total Current Assets	3,241.52	3,608.72	3,506.91	2,049.18	2,015.15	1,823.37
Total Assets	4,178.54	4,330.19	4,570.38	3,044.98	3,342.27	3,177.95
Non Current Liabilities						
Long Term Borrowings	173.05	160.40	1,193.71	263.41	354.59	664.39
Long term provisions	38.07	14.63	12.50	9.04	10.69	16.81
Deferred Tax Liability	0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	211.12	175.03	1,206.21	272.45	365.28	681.20
Current Liabilities						
Short Term Borrowings	754.58	710.31	727.08	504.29	363.95	0.21
Trade Payables	1,488.82	1,733.19	944.73	599.02	436.22	399.45
Other Current Liabilities	59.26	57.96	41.64	57.94	603.60	574.52
Short Term Provisions	21.31	28.29	66.60	61.85	49.39	44.90
Total Current Liabilities	2,323.97	2,529.75	1,780.05	1,223.10	1,453.16	1,019.08
Net worth	1,643.45	1,625.42	1,584.12	1,549.43	1,523.83	1,477.67

Represented by						
Share capital						
-Equity Share Capital	750.00	750.00	750.00	750.00	750.00	750.00
-Preference Share Capital	0.00	0.00	0.00	0.00	0.00	0.00
Total(a)	750.00	750.00	750.00	750.00	750.00	750.00
Reserves and surplus						
General Reserve	40.00	40.00	40.00	40.00	40.00	40.00
Capital Subsidy	9.76	9.76	9.76	9.76	9.76	9.76
P&L Account	843.70	825.67	784.36	749.67	724.07	679.93
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Total(b)	893.46	875.43	834.12	799.43	773.83	729.69
Less: Miscellaneous Expenditure	0.00	0.00	0.00	0.00	0.00	2.02
(To the extent not written off)						
Total(c)	0.00	0.00	0.00	0.00	0.00	2.02
Net Worth (a+b-c)	1,643.45	1,625.42	1,584.12	1,549.43	1,523.83	1,477.67

Summary Statement of Profit and Loss, As Restated*(₹ in Lacs)*

Particulars	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Income						
Sales of Products Manufactured by the Company	993.08	1,354.61	1,213.83	1,464.82	1,460.58	1,557.00
Sales of Products Traded by the Company	3,330.96	3,330.06	1,908.75	977.86	335.61	243.40
Export Sales	0.00	287.58	358.52	0.00	0.00	0.00
Less: Excise Duty	0.00	0.00	0.00	0.00	0.00	0.00
Net Sales	4,324.04	4,972.25	3,481.10	2,442.68	1,796.19	1,800.40
Other Income	2.41	35.38	49.54	9.58	26.71	12.38
Changes in inventories of finished goods, work-in-progress and Stock- in-trade	186.56	322.05	-107.92	86.64	72.72	84.58
Total Revenue	4,513.01	5,329.68	3,422.72	2,538.90	1,895.62	1,897.36
Expenditure						
Cost of Materials consumed	684.62	1,169.42	767.75	1,076.38	1,015.10	1,121.66
Purchase of Traded Goods	3,397.83	3,325.75	1,902.27	973.11	333.49	233.54
Employee Benefit Expenses	140.15	201.07	188.92	153.13	100.12	152.07
Other Manufacturing and Administrative Expenses	94.79	329.55	268.23	125.78	234.82	165.03
Total (B)	4,317.39	5,025.79	3,127.17	2,328.40	1,683.53	1,672.30
Profit Before Interest, Depreciation and Tax	195.62	303.89	295.55	210.50	212.09	225.06
Depreciation	46.43	63.56	61.91	47.71	53.73	66.84
Profit Before Interest and Tax	149.19	240.33	233.64	162.79	158.36	158.22
Financial Charges	125.93	194.47	188.59	122.12	112.19	82.66
Profit before Taxation	23.26	45.86	45.05	40.67	46.17	75.56
Provision for Taxation	7.28	9.00	8.47	7.75	3.80	9.00
Provision for Deferred Tax	-2.05	-4.46	1.90	7.33	-2.17	-19.63
Provision for FBT	0.00	0.00	0.00	0.00	0.40	0.70
Total	5.23	4.54	10.37	15.08	2.03	-9.93
Profit After Tax but Before Extra ordinary Items	18.03	41.32	34.68	25.59	44.14	85.49
Prior Period Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after adjustments	18.03	41.32	34.68	25.59	44.14	85.49

Summary Statement of Cash Flow:

(₹ in Lacs)

PARTICULARS	31-01-13	31-03-12	31-03-11	31-03-10	31-03-09	31-03-08
A. CASH FLOW FROM OPERATING ACTIVITIES						
Profit Before Tax	23.26	45.86	45.05	40.67	46.17	75.56
<i>Adjusted for :</i>						
a. Depreciation	46.43	63.56	61.91	47.71	53.73	66.84
b. Interest Expenses	125.93	194.47	188.59	122.12	112.19	82.66
c. Interest Income	-2.41	-11.61	-16.39	-9.58	-15.94	-9.68
Operating profit before working capital changes	193.21	292.28	279.16	200.92	196.15	215.38
<i>Adjusted for :</i>						
a. Decrease /(Increase) in Inventories	-199.14	0.97	-201.63	6.45	-95.76	-154.01
b. Decrease / (Increase) in trade receivable	456.62	-1,385.77	-484.85	421.90	-14.70	-14.80
c. (Increase) / Decrease in short term loans and advances	119.06	1,266.03	-756.51	-464.66	-59.97	144.45
d. (Increase) / Decrease in Other Current Assets	0.44	-0.44	0.00	0.00	0.00	0.00
e. (Increase) / Decrease in Long term loans and advances	-195.27	-22.99	1.24	-13.01	-9.16	-17.69
f. Increase / (Decrease) in Trade Payables	-244.37	788.46	345.71	162.80	36.77	-220.58
g. Increase / (Decrease) in short term provisions	-6.98	-38.31	4.75	12.46	4.49	9.81
h. Increase / (Decrease) in other current liabilities	1.30	16.31	-16.30	-545.66	29.08	573.08
i. Increase / (Decrease) in Long Term Provisions	23.44	2.13	3.46	-1.65	-6.12	2.31
Cash generated from operations	148.31	918.65	-824.96	-220.45	80.78	537.95
Income Tax Adjustment	7.28	9.00	8.47	7.75	4.20	9.70
NET CASH GENERATED FROM OPERATION	141.03	909.65	-833.43	-228.20	76.58	528.25
B. CASH FLOW FROM INVESTING ACTIVITIES						
a. Purchase of Fixed Assets	-67.21	-94.11	-132.72	-9.28	-14.94	83.24
b. Sale of Fixed Assets				-1.42		
c. (Purchase) / Sale of non-current investment	0.00	400.00	0.00	300.00	0.00	-707.00
(Increase) in Misc. Expenses	0.00	0.00	0.00	0.00	2.02	2.01
e. Interest received	2.41	11.61	16.39	9.58	15.94	9.68
f. Dividend Income						
Net cash (used) in investing activities	-64.80	317.50	-116.33	298.88	3.02	-612.07
C. CASH FLOW FROM FINANCING ACTIVITIES						
a. Interest Paid	-125.93	-194.47	-188.59	-122.12	-112.19	-82.66

b. Proceeds from share issued		-	-	-	-	-
c. (Repayments) / proceeds of long term borrowings	12.65	-1,033.31	930.30	-91.18	-309.80	664.39
d. (Repayments) / proceeds of short term borrowings	44.27	-16.77	222.79	140.34	363.74	-502.78
Net cash generated/(used) in financing activities	-69.01	-1,244.55	964.50	-72.96	-58.25	78.95
Net Increase / (Decrease) in cash and cash equivalents	7.22	-17.40	14.74	-2.28	21.35	-4.87
Cash and cash equivalents at the beginning of the year	18.56	35.96	21.22	23.50	2.15	7.02
Cash and cash equivalents at the end of the year	25.78	18.56	35.96	21.22	23.50	2.15

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statement'.
2. Previous year's figures have been regrouped / rearranged /recasted wherever necessary to make them comparable with those of current year.

THE ISSUE

Present Issue in terms of the Draft Prospectus:

Issue Details	
Equity Shares offered	35,00,000 Equity Shares of ₹ 10 each
<i>Of which:</i>	
- Reserved for Market Makers	1,80,000 Equity Shares of ₹ 10 each
Net Issue to the Public	33,20,000 Equity Shares of ₹ 10 each
Equity Shares outstanding prior to the Issue	75,00,000 Equity Shares of ₹ 10 each
Equity Shares outstanding after the Issue	1,10,00,000 Equity Shares of ₹ 10 each
Use of Proceeds	For further details please refer chapter titled “ <i>Objects of the Issue</i> ” beginning on page number 46 of the Draft Prospectus for information on use of Issue Proceeds

Notes

1. 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 section titled ‘Issue related Information’ beginning on page 157 of the Draft Prospectus.
2. The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on June 07, 2013 and by the shareholders of our Company vide a special resolution passed pursuant to section 81(1A) of the Companies Act at the EGM held on July 09, 2013.

GENERAL INFORMATION

Our Company was incorporated as ‘*Ravi Synthetic Private Limited*’ a private limited company under the Companies Act, 1956 pursuant to Certificate of Incorporation dated November 16, 1987 bearing registration number 45305 of 1987 issued by the Registrar of Companies, Maharashtra. The name of our Company was changed to ‘*Subh Tex (India) Private Limited*’ pursuant to fresh certificate of incorporation consequent upon change of name dated December 13, 1990, issued by the Additional Registrar of Companies, Maharashtra. Thereafter, our Company was converted into a public limited company under the Companies Act and the name of our Company was changed to its present name ‘*Subh Tex (India) Limited*’ pursuant to fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated July 03, 2003 issued by the Deputy Registrar of Companies, Maharashtra. Our corporate identification number is U99999MH1987PLC045305.

Registered Office of our Company

Subh Tex (India) Limited

18, Surti Chamber
2nd Dhobi Talao Lane
Mumbai - 400 002
Maharashtra

Tel: +91 22 2203 6030 / 2203 6028

Email: subhtexindia@gmail.com

Website: www.subhtexindia.com

For details of change in the name and Registered Office of our Company, please refer to the chapter titled “*History and Certain Corporate Matters*” beginning on page number 79 of the Draft Prospectus.

Address of the RoC

Registrar of Companies Maharashtra

100, Everest Building
Marine Drive
Mumbai - 400 002
Maharashtra

Tel: +91 22 2284 6955/ 2281 2627

Fax: +91 22 22811977

Email: roc.mumbai@mca.gov.in

Website: www.mca.gov.in

Name of the Stock Exchange where proposed to be listed

Our Company proposed to list its Equity Shares on the SME Platform of BSE Limited.

Issue Programme

Issue Opens on: [•]

Issue Closes on: [•]

Our Board of Directors

The following table sets out details regarding our Board as on the date of the Draft Prospectus:

Sr. No.	Name and Designation	Age (in years)	DIN	Address
1.	Santosh Kumar Pralhadrai Saraf <i>Managing Director</i>	58	02037477	6/3 Bhagwati Apartments S.V. Road Malad West, Mumbai – 400 064
2.	Shraddha Animesh Gupta	32	06391521	Gurukripa Bungalows

Sr. No.	Name and Designation	Age (in years)	DIN	Address
	<i>Wholetime Director</i>			Dixit Road, Vile Parle (East) Mumbai – 400 057
3.	Abhijeet Nandkishore Mittal <i>Independent Director</i>	31	06384118	11/28, Guru Nagar J.P. Road, Andheri (West) Mumbai – 400 061
4.	Vinod Jagmohan Bansal <i>Independent Director</i>	65	01921383	402, Sunita Building L.T. Road, Dahisar (West) Mumbai – 400 068
5.	Siddharth Prakash Bihani <i>Independent Director</i>	28	01662255	36, Queens Lawn 967 S.V. Road, Juhu, Vile Parle (West) Mumbai – 400 056

For detailed profile of our Chairman and Managing Director and other Directors, refer to chapters titled “Our Management” and “Our Promoters and Promoter Group” on page numbers 83 and,95 respectively of the Draft Prospectus.

Company Secretary and Compliance Officer

Jitendra Tiwari

Subh Tex (India) Limited

18, Surti Chamber

2nd Dhobi Talao Lane

Mumbai - 400 002

Maharashtra

Tel: +91 22 2203 6030 / 2203 6028

Email: subhtexindia@gmail.com

Website: www.subhtexindia.com

Investors may contact our Company Secretary and Compliance Officer and/or the Registrar to the Issue, Sharepro Services (India) Private Limited and / or the Lead Manager, i.e., Basan Financial services Limited, in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB to whom the Application was submitted (at ASBA Locations), 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 relevant SCSBs to whom the Application was submitted (at ASBA Locations).

Lead Manager to the Issue

Basan Financial services Limited

3-6-196/197, 2nd Floor, Flat No. 204 A & B,

Himayath Nagar,

Hyderabad – 500029. A. P.

Tel No: +91 40 6464 5000

Fax No: +91 40 23 266 166

Website: www.basanonline.com

Email: mbd@basanonline.com

Investor Grievance ID: investorgrievances@basanonline.com

SEBI Registration No: INM 000011989

Contact Person: Mr. V R Amitkumar

Registrar to the Issue

Sharepro Services (India) Private Limited

13AB, Samhita Warehousing Complex
Sakinaka Telephone Exchange Lane
Off Andheri Kurla Road, Saki Naka
Andheri (East), Mumbai - 400 072.

Tel No: +91 22 6191 5402 / 5404

Fax No: +91 22 6191 5444

Website: www.shareproservices.com

Email: sme.ipo@shareproservices.com

SEBI Registration No: INR000001476

Contact Person: Subhash Dhingreja

Legal Counsel to the Issue

Jyoti Chavan

Advocate, High Court

14, Angelina,
3rd Floor

B. W. Pathare Marg,

Dadar (West),

Mumbai - 400 028

Tel No: +91 22 24463587 / 24465748

Email: jyotic74@gmail.com

Bankers to our Company

Corporation Bank

49A, Shiv Smruti Chambers

Dr. Annie Besant Road

Worlinaka, Worli

Mumbai – 400 018

Tel: +91 22 2490 3712 / 2490 3698

Fax: +91 22 2490 3716

Website: www.corpbank.co.in

Email: cb174@corpbank.co.in

Statutory Auditors of our Company (Peer Review certified)

MNRD & Associates

Chartered Accountants

Room No. 2, 3rd Floor, Abbas Manzil

Sahar Road, Chakala

Andheri (East)

Mumbai – 400 099

Tel: +91 22 4236 9555

Fax: +91 22 4236 9563

Firm Registration Number: 126991W

Contact Person: Narayan B. Toshniwal

Bankers to the Issue/Escrow Collection Banks

[•]

Refund Bankers to the Issue

[•]

Self Certified Syndicate Banks (SCSB's)

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.

Statement of Responsibility of the Lead Manager/ Statement of inter se allocation of responsibilities

Since **Basan Financial services Limited** is the sole Lead Manager to this Issue, a statement of inter se allocation of responsibilities amongst Lead Managers is not required.

Credit Rating

This being an issue of Equity Shares, there is no requirement of credit rating for the Issue.

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.

Expert Opinion

Except for the report which will be provided by (a) statutory auditors' reports on the restated financial statements; and (b) statement of tax benefits by the statutory auditors, (a copy of the said report and statement of tax benefits has been included in the Prospectus), we have not obtained any other expert opinions.

Trustees

This is being an issue of Equity Shares, the appointment of trustee is not required.

Appraisal and Monitoring Agency

The objects of the Issue have not been appraised by any agency. The Objects of the Issue and means of finance, therefore, are based on internal estimates of our Company. As the net proceeds of the Issue will be less than ₹ 50,000 Lacs, under the sub-regulation (1) of Regulation 16 of SEBI (ICDR) Regulations, 2009 it is not required that a monitoring agency be appointed by our Company.

However, as per the Clause 52 of the SME Listing Agreement to be entered into with the Stock Exchanges upon listing of the Equity Shares and in accordance with the corporate governance requirements, the Audit Committee of our Company would be monitoring the utilization of the Issue Proceeds.

Underwriting Agreement

This Issue (i.e. 35,00,000 Equity Shares) is 100% Underwritten. The Underwriting agreement is dated July 09, 2013. 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:

Details of the Underwriter	No. of shares underwritten	Amount Underwritten (₹ in Lacs)	% of the Total Issue Size Underwritten
Basan Financial services Limited 3-6-196/197, 2 nd Floor, Flat No. 204 A & B, Himayath Nagar, Hyderabad – 500029. A. P. Tel No: +91 40 6464 5000 Fax No: +91 40 23 266 166 Website: www.basanonline.com Email: vikas.sharma@basanonline.com SEBI Registration No: INM 000011989	5,25,000	52.50	15.00%

Basan Equity Broking Limited 15-8-1/2/3, 2 nd Floor, Siddiamber Bazar, Hyderabad -500012 Tel No: +91 40 6646 2002/03 Fax No: +91 40 66462009 Website: www.basanonline.com Email: nikhil.agarwal@basanonline.com SEBI Registration No: INB011296432	29,75,000	297.50	85.00%
Total	35,00,000	350.00	100%

In the opinion of our Board of Directors (based on a certificate given by the Underwriter), the resources of the above mentioned Underwriters are sufficient to enable them to discharge the underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges.

Details of the Market Making Arrangement for this Issue

Our Company and the Lead Manager have entered into a tripartite agreement dated July 09, 2013, with the following Market Maker, duly registered with BSE Limited to fulfill the obligations of Market Making:

Basan Equity Broking Limited
15-8-1/2/3, 2nd Floor, Siddiamber Bazar,
Hyderabad -500012
Tel No: +91 40 6646 2002/03
Fax No: +91 40 66462009
Website: www.basanonline.com
Email: nikhil.agarwal@basanonline.com
SEBI Registration No: INB011296432
Contact Person: Mr. Nikhil Agarwal

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

Following is a summary of the key details pertaining to the Market Making arrangement:

- 1) The Market Maker(s) (individually or jointly) 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(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
- 2) The minimum depth of the quote shall be ₹ 1,00,000. However, the investors with holdings of value less than ₹ 1,00,000 shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) 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(s), 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) On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
- 6) The Marker maker may also be present in the opening call auction, but there is no obligation on him to do so.

- 7) There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while *force-majeure* will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
- 8) The Market Maker(s) shall have the right to terminate said arrangement by giving a three 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 our 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 particular 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.

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- 9) **Risk containment measures and monitoring for Market Makers:** BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.
- 10) **Punitive Action in case of default by Market Makers:** BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

- 11) **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹250 crores, the applicable price bands for the first day shall be:
- In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
 - In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.

Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The following spread will be applicable on the BSE SME Exchange/ Platform.

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Sr. No.	Market Price Slab (in ₹)	Proposed spread (in % to sale price)
1	Up to 50	9
2	50 to 75	8
3	75 to 100	6
4	Above 100	5

CAPITAL STRUCTURE

The Equity Share capital of our Company, as on the date of the Draft Prospectus and after giving effect to the Issue is set forth below:

No.	Particulars	Amount (₹ in Lacs)	
		Aggregate nominal value	Aggregate value at Issue Price
A. Authorised Share Capital			
	2,00,00,000 Equity Shares of ₹ 10 each	2,000.00	--
B. Issued, Subscribed and Paid-Up Share Capital before the Issue			
	75,00,000 Equity Shares of ₹ 10 each	750.00	--
C. Present Issue in terms of the Draft Prospectus^(a)			
	Public Issue of 35,00,000 Equity Shares at a Issue price of ₹ 10 per Equity Share	350.00	350.00
	<i>Which comprises:</i>		
	a) Reservation for Market Maker(s) - 1,80,000 Equity Shares of ₹ 10 each reserved as Market Maker portion at a price of ₹ 10 per Equity Share	18.00	18.00
	b) Net Issue to the Public of 33,20,000 Equity Shares of ₹ 10 each at a price of ₹ 10 per Equity Share	332.00	332.00
	Of the Net Issue to the Public		
	- 16,60,000 Equity Shares of ₹ 10 each at a price of ₹ 10 per Equity Share shall be available for allocation for Investors applying for a value of upto ₹ 2 lacs	166.00	166.00
	- 16,60,000 Equity Shares of ₹ 10 each at a price of ₹ 10 per Equity Share shall be available for allocation for Investors applying for a value above ₹ 2 lacs	166.00	166.00
D. Issued, Subscribed and Paid-up Share Capital after the Issue			
	1,10,00,000 Equity Shares of ₹ 10 each	1,100.00	--
E. Securities Premium Account			
	Before the Issue		Nil
	After the Issue		Nil

The Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on June 07, 2013, and by the shareholders of our Company vide a special resolution passed pursuant to section 81(1A) of the Companies Act at the EGM held on July 09, 2013.

NOTES TO THE CAPITAL STRUCTURE

1. Details of increase in authorised Share Capital:

Since the incorporation of our Company, the authorised share capital of our Company has been altered in the manner set forth below:

Particulars of Change		Date of Shareholders' Meeting	AGM/EGM
From	To		
₹ 10,00,000 consisting of 10,000 Equity shares of ₹ 100 each.		On incorporation	-
₹ 10,00,000 consisting of 10,000 Equity shares of ₹ 100 each.	₹ 25,00,000 consisting of 25,000 Equity shares of ₹ 100 each.	FY 1991	EGM

Particulars of Change		Date of Shareholders' Meeting	AGM/EGM
From	To		
₹ 25,00,000 consisting of 25,000 Equity shares of ₹ 100 each.	₹ 45,00,000 consisting of 45,000 Equity shares of ₹ 100 each.	FY 1994	EGM
₹ 45,00,000 consisting of 45,000 Equity shares of ₹ 100 each.	₹ 70,00,000 consisting of 70,000 Equity shares of ₹ 100 each.	January 13, 1994	EGM
₹ 70,00,000 consisting of 70,000 Equity shares of ₹ 100 each.	₹ 2,00,00,000 consisting of 2,00,000 Equity shares of ₹ 100 each.	FY 1997	EGM
₹ 2,00,00,000 consisting of 20,00,000 Equity shares of ₹ 10 each.	₹ 20,00,00,000 consisting of 2,00,00,000 Equity shares of ₹ 10 each.	May 17, 2003	EGM

2. History of Equity Share Capital of our Company

Date of Allotment / Fully Paid-up	No. of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Cumulative Paid-up Capital (₹)	Cumulative Securities premium (₹)
November 16, 1987	40	100	100	Cash	¹ Subscription to Memorandum of Association	40	4,000	Nil
February 25, 1991	23,960	100	100	Cash	² Preferential Allotment	24,000	24,00,000	Nil
February 21, 1994	21,000	100	100	Cash	³ Preferential Allotment	45,000	45,00,000	Nil
February 17, 1997	1,55,000	100	100	Cash	⁴ Preferential Allotment	2,00,000	2,00,00,000	Nil
April 3, 2003	20,00,000	10	Nil		⁵ Subdivision of Equity Shares from Face Value of ₹ 100 to Face Value of ₹ 10	20,00,000	2,00,00,000	Nil
March 25, 2004	40,00,000	10	Nil	Cash	⁶ Bonus Allotment in the ratio of 2 shares for every 1 share held	60,00,000	6,00,00,000	Nil
March 25, 2004	15,00,000	10	10	Nil	⁷ Preferential Allotment	75,00,000	7,50,00,000	Nil

1. Initial allotment of 10 Equity Shares each to the subscribers to the MoA of our Company being Devanand Aswani, Shyam Chawla, Gulab Majithia and Hansa Majithia respectively.
2. Preferential allotment of 3,000 Equity Shares each to Forjet Leasing Limited and Subhakti Textiles Ltd; 2,000 Equity Shares to Mahesh Gupta; 1,500 Equity Shares each to Shiv Gupta, Urmila Gupta, Sushma Gupta and Sanchana Leasing & Investment Ltd; 1,200 Equity Shares to Rapport Holding & Commercial Pvt Ltd; 1,000 Equity Shares each to Sushanku Builders Ltd, Samarpan Textiles Ltd, Mahesh Gupta HUF, Ani Anu Developers Pvt Ltd, Savitridevi Gupta and Lata Gupta; 500 Equity Shares each to Simmi Poddar, Shiv Gupta HUF and Vandana Poddar; 480 Equity Shares each to Ashok Gupta and Vinay Poddar; 300 Equity Shares to Laxman Commercial & Finance Limited.
3. Preferential allotment of 2,000 Equity Shares each to Forjet Leasing Limited, Shefali Trading & Finance Ltd and Subhakti Textiles Ltd; 1,500 Equity Shares each to Pratinidhi Properties Pvt Ltd and Sanchana Leasing & Investment Ltd; 1,000 Equity Shares each to Sushanku Builders Ltd, Samarpan Textiles Ltd, Mahesh Gupta HUF, Ani Anu Developers Pvt Ltd, Lata Gupta, Mahesh Gupta and Savitridevi Gupta; 800 Equity Shares to Rapport Holding & Commercial Pvt Ltd; 500 Equity Shares each to Shiv Gupta, Simmi Poddar, Urmila Gupta, Sushma Gupta, Ashok Gupta, Vinay Poddar, Shiv Gupta HUF and Vandana Poddar; 200 Equity Shares to Laxman Commercial & Finance Ltd.
4. Preferential allotment of 13,500 Equity Shares to Pratinidhi Properties Pvt Ltd; 13,000 Equity Shares each to

Samarpan Textiles Ltd and Ani Anu Developers Pvt Ltd; 10,000 Equity Shares each to Bee Gee Leasing & Investment Ltd, Forjet Leasing Limited and Aarogya Trading & Finance; 9,000 Equity Shares to Mahesh Gupta; 6,000 Equity Shares to Savitridevi Gupta; 5,000 Equity Shares each to Shiv Gupta, Vinay Poddar, Mahanagar Trading Co Pvt Ltd, Shiv Gupta HUF, Subhakti Textiles Ltd and Vandana Poddar; 4,500 Equity Shares to Laxman Commercial & Finance Ltd; 4,000 Equity Shares each to Simmi Poddar, Urmila Gupta, Sushma Gupta and Mahesh Gupta HUF; 3,000 Equity Shares to Ashok Gupta HUF and Lata Gupta; 2,000 Equity Shares each to Animesh Gupta, Ankush Gupta, Balkishan Poddar, Ashok Gupta, Akshat Gupta and Anuj Gupta; 1,000 Equity Shares each to Rapport Holding & Commercial Pvt Ltd and Shefali Trading & Finance Ltd.

5. Our Company vide a shareholders' resolution on the EGM dated April 3, 2003, approved the sub-division of Face Value of the Equity Shares of our Company from ₹ 100 to ₹ 10. Accordingly 2,00,000 Equity Shares having Face value of ₹ 100 each were sub-divided into 20,00,000 Equity Shares having Face Value of ₹ 10 each with effect from April 3, 2003.
6. Our Company on March 25, 2004, issued 40,00,000 Equity Shares of ₹ 10 each as bonus shares to the existing shareholders in the ratio of two Equity Shares for every Equity Share held by capitalizing ₹ 4,00,00,000 out of the General Reserves of our Company.
7. Preferential allotment of 4,00,000 Equity Shares to Mahesh Gupta HUF; 3,00,000 Equity Shares to Vinay Poddar HUF; 2,00,000 Equity Shares each to Ankush Gupta and Animesh Gupta; 1,00,000 Equity Shares each to Shiv Gupta, Simmi Poddar, Urmila Gupta and Sushma Gupta.

3. Equity Shares issued for consideration other than cash by our Company.

Except as stated below, our Company has not issued any Equity Shares for consideration other than cash:

Date of Issue/Allotment of the Equity Shares	Name of the Allottee	No. of Equity Shares	Face Value (in ₹)	Nature of Allotment	Benefit accruing to our Company
March 25, 2004	Sushanku Enterprises Ltd	5,00,000	10	Bonus Issue	--
	Samarpan Textiles Ltd	5,00,000			
	Bee Gee Leasing & Investment Ltd	5,00,000			
	Akshat Gupta	5,00,000			
	Ashok Gupta	3,00,000			
	Vinay Poddar	3,00,000			
	Animesh Gupta	2,00,000			
	Shiv Gupta	2,00,000			
	Simmi Poddar	2,00,000			
	Urmila Gupta	2,00,000			
	Sushma Gupta	2,00,000			
	Ankush Gupta	2,00,000			
	Balkishan Poddar	2,00,000			
	Total	40,00,000			

4. Details of Promoters' contribution and Lock-in

The Equity Shares held by the Promoters were acquired / allotted in the following manner:

Details of build-up of shareholding of the Promoters and lock-in

Date of Allotment / acquisition / transaction and when made fully paid up	Nature of acquisition (Allotment/ transfer)	Number of Equity Shares	Face Value per Equity Share (in ₹)	Issue/ Transfer price per Equity Share (in ₹)	Consideration (cash/other than cash)	% of pre issue capital	% of post issue capital	Lock-in Period
A) Santosh Saraf								
31-Jul-12	Purchased from Sushanku Enterprises Limited	7,50,000	10	10	Cash	10.00%	6.82%	3 Year
24-May-13	Purchased from Bee Gee Leasing &	7,50,000	10	10	Cash	10.00%	6.82%	3 Year

	Investment Limited							
	Total (A)	15,00,000				20.00%	13.64%	
B) Shraddha Gupta								
31-Jul-12	Purchased from Samarpan Textiles Limited	6,50,000	10	10	Cash	8.67%	5.91%	3 Year
30-Aug-12	Purchased from Samarpan Textiles Limited	50,000	10	20	Cash	0.67%	0.45%	3 Year
30-Aug-12	Purchased from Samarpan Textiles Limited	50,000	10	20	Cash	0.67%	0.45%	1 Year
24-May-13	Purchased from Mr. Ankush Gupta	3,00,000	10	10	Cash	4.00%	2.73%	1 Year
24-May-13	Purchased from Mr. Akshat Gupta	4,50,000	10	10	Cash	6.00%	4.09%	1 Year
	Total (B)	15,00,000				20.00%	13.64%	
	Total (A+B)	30,00,000				40.00%	27.27%	

As per clause (a) sub-regulation (1) Regulation 32 of the SEBI ICDR Regulations and in terms of the aforesaid table, an aggregate of 20% of the post-Issue Equity Share Capital of our Company shall be locked in by our Promoters for a period of three (3) years from the date of Allotment (“minimum Promoters’ contribution”).

The Promoters’ contribution has been brought in to the extent of not less than the specified minimum amount and has been contributed by the persons defined as Promoter under the SEBI ICDR Regulations. Our Company has obtained written consents from our Promoters for the lock-in of 22,00,000 Equity Shares for a period of three years from the date of Allotment in the Issue.

The balance pre-Issue Equity Share capital of our Company, *i.e.* 53,00,000 Equity Shares shall be locked in for a period of one year from the date of Allotment in the Issue. Equity Shares offered by the Promoters for the minimum Promoters’ contribution are not subject to pledge. Lock-in period shall commence from the date of Allotment of Equity Shares in the Issue.

We confirm that the minimum Promoters’ contribution of 20% 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 revaluation of assets or capitalisation of intangible assets;
- Equity Shares acquired during the preceding three years resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for minimum Promoters’ contribution;
- Equity Shares acquired by 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; or equity shares pledged with any creditor.

Further, our Company has not been formed by the conversion of a partnership firm into a company and no Equity Shares have been allotted pursuant to any scheme approved under Section 391-394 of the Companies Act, 1956.

The share certificates for the Equity Shares in physical form, which are subject to lock-in, shall carry the inscription ‘non-transferable’ and the non-transferability details shall be informed to the depositories.

Equity Shares locked-in for one year

In addition to 20% of the post-Issue shareholding of our Company locked-in for three years as the minimum Promoters' contribution, the balance Pre-Issue Paid-up Equity Share Capital *i.e.* 53,00,000 Equity Shares, would be locked-in for a period of one year from the date of Allotment in the proposed Initial Public Offering. Further, such lock-in of the Equity Shares would be created as per the bye laws of the Depositories. Pursuant to proviso (b) to Regulation 37 of the SEBI ICDR Regulations, Equity Shares held by VCFs or FVCIs for at least one year prior to filing of the Draft Prospectus with SEBI would not be subject to the above lock-in.

Other requirements in respect of 'lock-in'

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters' prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code as applicable.

In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked in as per the provisions of Regulation 36 of the SEBI ICDR Regulations, may be transferred to and amongst Promoters / members of the Promoter Group or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Takeover Code, as applicable.

In terms of Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoters can be pledged only with any scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the following:

- If the specified securities are locked-in in terms of sub-regulation (a) of Regulation 36 of the SEBI ICDR Regulations, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and the pledge of specified securities is one of the terms of sanction of the loan;
- If the specified securities are locked-in in terms of sub-regulation (b) of Regulation 36 of the SEBI ICDR Regulations and the pledge of specified securities is one of the terms of sanction of the loan.

5. Our shareholding pattern

- (a) The table below represents the shareholding pattern of our Company in accordance with clause 35 of the Listing Agreement, as on the date of the Draft Prospectus:

Category code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a % of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of shareholding
(A)	Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided Family / Nominee of Promoter	5	43,00,000	Nil	57.33	57.33	Nil	Nil
(b)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(1)	5	43,00,000	Nil	57.33	57.33	Nil	Nil
2	Foreign							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Promoter Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a % of total number of shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of shares	As a % of shareholding
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	5	43,00,000	Nil	57.33	57.33	Nil	Nil
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f)	Foreign Institutional Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Foreign Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B)(1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	Non-institutions							
(a)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Individuals							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	9	32,00,000	Nil	42.67	42.67	Nil	Nil
(c)	Any Other							
	1. NRI	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2. Directors & Relatives	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	3. Foreign Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	4. Trust	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B)(2)	9	32,00,000	Nil	42.67	42.67	Nil	Nil
	Total Public Shareholding (B) = (B)(1)+(B)(2)	9	32,00,000	Nil	42.67	42.67	Nil	Nil
	TOTAL (A)+(B)	14	75,00,000	Nil	100.00	100.00	Nil	Nil
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
(a)	Promoter and Promoter group	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	GRAND TOTAL (A)+(B)+(C)	14	75,00,000	Nil	100.00	100.00	Nil	Nil

In terms of SEBI circular bearing no. Cir/ISD/3/2011 dated June 17, 2011 and SEBI circular bearing no. SEBI/Cir/ISD/ 05 /2011, dated September 30, 2011, our Company shall ensure that the Equity Shares held by the Promoters / members of the Promoter Group shall be dematerialised prior to filing the Prospectus with the RoC.

Our Company will file the shareholding pattern of our Company, in the form prescribed under clause 35 of the Listing Agreement, one day prior to the listing of Equity Shares. The shareholding pattern will be uploaded on the website of Stock Exchanges before commencement of trading of such Equity Shares.

(b) The table below represents the holding of partly paid-up shares / outstanding convertible securities / warrants in our Company:

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up Shares	As a % of total no. of shares of our Company
Held by promoter/promoter Group	NIL	-	-
Held by public	NIL	-	-
Total	NIL	-	-
Outstanding convertible securities	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of our Company, assuming full conversion of the convertible securities
Held by promoter/promoter Group	NIL	-	-
Held by public	NIL	-	-
Total	NIL	-	-
Warrants	No. of warrants	As a % of total no. of warrants	As a % of total no. of shares of our Company, assuming full conversion of Warrants
Held by promoter/promoter Group	NIL	-	-
Held by public	NIL	-	-
Total	NIL	-	-
Total paid-up capital of our Company, assuming full conversion of warrants and convertible securities			75,00,000

(c) Following are the details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Promoter and Promoter Group”

Sr	Name of the shareholder	Details of Shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total	No.	As a % of total number of Encumbered shares	As a % of grand total	Number of warrants held	As a % of total number of warrants of the same Class	Number of convertible securities held	As a % of total number of convertible securities of the same class	
	Promoter										
1.	Santosh Saraf	15,00,000	20.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
2.	Shraddha Gupta	15,00,000	20.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	Promoter Group										
3.	Animesh Gupta	5,00,000	6.67	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
4.	Shiv Gupta	4,00,000	5.33								
5.	Urmila Gupta	4,00,000	5.33								
TOTAL		43,00,000	57.33	Nil	Nil	Nil	Nil	Nil	Nil	Nil	

(*) The term “encumbrance” has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

(d) Following are the details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Public” and holding more than 1% of the total number of shares

Sr. No.	Name of the shareholder	Details of Shares held	Encumbered shares (*)	Details of warrants	Details of convertible securities	Total shares (including
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		No. of Shares held	As a % of grand total (A) + (B) + (C)	No.	As a percentage	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
(I)	(II)	(III)	(IV)	(V)	(VI) = (V) / (III)* 100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1.	Ashok Gupta	450000	6.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2.	Amay Poddar	450000	6.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	Sushma Gupta	400000	5.33	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4.	Mahesh Gupta HUF	400000	5.33	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5.	Simmi Poddar	400000	5.33	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6.	Akshat Gupta	300000	4.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
7.	Balkishan Poddar	300000	4.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
8.	Arushi Poddar	300000	4.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9.	Ankush Gupta	200000	2.67	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL		32,00,000	42.67	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* The term 'encumbrance' has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

(e) Following are the details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 5% of the total number of shares

Sr. No.	Name of the shareholder	Details of Shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A) + (B) + (C)	No.	As a percentage	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI) = (V) / (III)* 100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1.	Ashok Gupta	450000	6.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2.	Amay Poddar	450000	6.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	Sushma Gupta	400000	5.33	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4.	Mahesh Gupta HUF	400000	5.33	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5.	Simmi Poddar	400000	5.33	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
TOTAL		21,00,000	28.00	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

* The term 'encumbrance' has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

(f) There are no Equity Shares against which depository receipts have been issued.

(g) Other than the Equity Shares, there are no other class of securities issued by our Company.

6. The shareholding pattern of our Promoters and Promoter Group before and after the Issue is set forth below:

Sr. No	Particulars	Pre Issue		Post Issue	
		No. of Shares	% Holding	No. of Shares	% Holding
a)	Promoters				
	Santosh Saraf	15,00,000	20.00%	15,00,000	13.64%
	Shraddha Gupta	15,00,000	20.00%	15,00,000	13.64%
b)	Immediate Relatives of the Promoters				
	Animesh Gupta	5,00,000	6.67%	5,00,000	4.55%
	Shiv Gupta	4,00,000	5.33%	4,00,000	3.64%
	Urmila Gupta	4,00,000	5.33%	4,00,000	3.64%
c)	Companies in which 10% or more of the share capital is held by the promoter / an immediate relative of the promoter / a firm or HUF in which the promoter or any one of their immediate relatives is a member	--	--	--	--
d)	Companies in which Company mentioned in c. above holds 10% or more of the share capital	--	--	--	--
e)	HUF or firm in which the aggregate share of the promoter and his immediate relatives is equal to or more than 10% of the total	--	--	--	--
f)	All persons whose shareholding is aggregated for the purpose of disclosing in the prospectus as “Shareholding of the promoter group”	--	--	--	--
Total		43,00,000	57.33%	43,00,000	39.09%

7. Our Company has not revalued its assets since inception and has not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.
8. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
9. Our Company has not issued any Equity Shares during a period of one year preceding the date of the Draft Prospectus. Further our Company has not issued any Equity Shares during a period of one year preceding the date of the Draft Prospectus at a price lower than the Issue price.
10. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of the Draft Prospectus until the Equity Shares have been listed. Further, our Company presently does not have any intention or proposal to alter our capital structure for a period of six months 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 (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares)

whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.

11. During the past six months immediately preceding the date of filing Draft Prospectus, there are no transactions in our Equity Shares, which have been purchased/(sold) by our Promoters, their relatives and associates, persons in Promoter Group [as defined under sub clause (zb) sub regulation (1) Regulation 2 of SEBI (ICDR) Regulations] or the directors of the company which is a promoter of the Company and/or the Directors of the Company, except as stated below:

Name of the Promoter	No. of Equity Shares	Total Consideration (₹)	Date of Transaction	Type of Transaction
Santosh Saraf	7,50,000	75,00,000	24-May-2013	Purchase from Bee Gee Leasing & Investment Limited
Shraddha Gupta	3,00,000	30,00,000	24-May-2013	Purchase from Mr. Ankush Gupta
Shraddha Gupta	4,50,000	45,00,000	24-May-2013	Purchase from Mr. Akshat Gupta

12. The members of the Promoter Group, our Directors or the relatives of our Directors have not financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity, during the six months preceding the date of filing of the Draft Prospectus.
13. Our Company, our Promoters, our Directors and the Lead Manager to this Issue have not entered into any buy-back, standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through the Draft Prospectus.
14. There are no safety net arrangements for this public issue.
15. An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters 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 for 3 years.
16. Under-subscription in the net issue, if any, in any category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the Lead Manager and the BSE.
17. As on the date of filing of the Draft Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
18. All the Equity Shares of our Company are fully paid up as on the date of the Draft Prospectus. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be issued fully paid-up equity shares.
19. As per RBI regulations, OCBs are not allowed to participate in this Issue.

20. Particulars of top ten shareholders:

(a) Particulars of the top ten shareholders as on the date of the Draft Prospectus:

Sr. No.	Name of shareholder	No. of Shares	% of the Issued Capital
1	Santosh Saraf	15,00,000	20.00%
2	Shraddha Gupta	15,00,000	20.00%
3	Animesh Gupta	5,00,000	6.67%
4	Ashok Gupta	4,50,000	6.00%
5	Amay Poddar	4,00,000	5.33%

6	Shiv Gupta	4,00,000	5.33%
7	Urmila Gupta	4,00,000	5.33%
8	Sushma Gupta	4,00,000	5.33%
9	Mahesh Gupta HUF	4,00,000	5.33%
10	Simmi Poddar	4,00,000	5.33%
Total		63,50,000	84.67%

(b) Particulars of top ten shareholders ten days prior to the date of the Draft Prospectus:

Sr. No	Name of shareholder	No. of Shares	% of the Issued Capital
1	Santosh Saraf	15,00,000	20.00%
2	Shraddha Gupta	15,00,000	20.00%
3	Animesh Gupta	5,00,000	6.67%
4	Ashok Gupta	4,50,000	6.00%
5	Amay Poddar	4,00,000	5.33%
6	Shiv Gupta	4,00,000	5.33%
7	Urmila Gupta	4,00,000	5.33%
8	Sushma Gupta	4,00,000	5.33%
9	Mahesh Gupta HUF	4,00,000	5.33%
10	Simmi Poddar	4,00,000	5.33%
Total		63,50,000	84.67%

(c) Particulars of the top ten shareholders two years prior to the date of the Draft Prospectus

Sr. No	Name of shareholder	No. of Shares	% of the Issued Capital
1.	Sushanku Enterprises Ltd	7,50,000	10.00%
2.	Samarpan Textiles Ltd	7,50,000	10.00%
3.	Bee Gee Leasing & Investment Ltd	7,50,000	10.00%
4.	Akshat Gupta	7,50,000	10.00%
5.	Animesh Gupta	5,00,000	6.67%
6.	Ankush Gupta	5,00,000	6.67%
7.	Ashok Gupta	4,50,000	6.00%
8.	Vinay Poddar	4,50,000	6.00%
9.	Shiv Gupta	4,00,000	5.33%
10.	Simmi Poddar	4,00,000	5.33%
11.	Urmila Gupta	4,00,000	5.33%
12.	Sushma Gupta	4,00,000	5.33%
13.	Mahesh Gupta HUF	4,00,000	5.33%
Total		69,00,000	92.00%

21. Our Company has not raised any bridge loan against the proceeds of this Issue. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Net Proceeds.
22. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
23. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
24. An Applicant cannot make an application for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.

25. No payment, direct or indirect in the nature of discount, commission, allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.
26. We have 14 shareholders as on the date of filing of the Draft Prospectus.
27. Our Promoters and the members of our Promoter Group will not participate in this Issue.
28. Our Company has not made any public issue since its incorporation.
29. Neither the Lead Manager, nor their associates hold any Equity Shares of our Company as on the date of the Draft Prospectus.
30. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing the Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transaction.
31. For the details of transactions by our Company with our Promoter Group, Group Companies during the last five Fiscals i.e. 2008, 2009, 2010, 2011 and 2012 and for period ended January 31, 2013, please refer to paragraph titled “*Statement of Transactions with Related Parties, as Restated*” in the chapter titled ‘*Financial Information*’ beginning on page number 102 of the Draft Prospectus.
32. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled “*Our Management*” beginning on page number 83 of the Draft Prospectus.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. To fund additional Working Capital requirements;
2. Meeting Public Issue Expenses.

The other Objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on SME Platform of BSE. We believe that the listing of our Equity Shares will enhance our visibility and brand name and enable us to avail of future growth opportunities.

The main object clause of Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised by us through the present Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

Cost of Project and Means of Finance

The Cost of Project and Means of Finance as estimated by our management are given below:

Cost of Project

		(₹ in lacs)
Sr. No.	Particulars	Amount
A.	Meeting Additional Working Capital Requirements	300.00
B.	Public Issue Expenses	50.00
Total		350.00

Means of Finance

		(₹ in lacs)
Sr. No.	Particulars	Amount
A.	Proceeds from Initial Public Offer	350.00
Total		350.00

We propose to meet the requirement of funds for the stated objects of the Issue from the Net Proceeds. Hence, no amount is required to be raised through means other than the Issue Proceeds. Accordingly, the requirements under Regulation 4 (2) (g) of the SEBI ICDR Regulations and 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 Issue Proceeds and existing identifiable internal accruals) is not applicable.

Our fund requirements and deployment thereof are based on the estimates of our management and have not been appraised by any bank or financial institution or independent third party entity. These are based on current circumstances of our business and are subject to change in light of changes in external circumstances or costs, or in our financial condition, business or strategy, as discussed further below. Our management, in response to the dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Proceeds. In case of a shortfall in the Net Proceeds, our management may explore a range of options which include utilisation of our internal accruals, debt or equity financing. Our management expects that such alternate arrangements would be available to fund any such shortfall.

Variation in fund requirements and Surplus / Shortfall of Net Proceeds

Whilst we intend to utilise the Issue Proceeds in the manner provided above, in the event of a surplus, we will use such surplus towards general corporate purposes including meeting future growth requirements. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be financed by surplus funds, if any, available in any other object for which funds are being raised in the Issue, subject to applicable law. In the event of any shortfall in the Issue Proceeds, our

Company will bridge the fund requirements from internal accruals, debt or equity financing. In the event that estimated utilization out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal.

No part of the issue proceeds will be paid as consideration to Promoter, Promoter Group, Group Entities, directors, Key Managerial Personnel and associates.

Brief Details about the Project

(A) Meeting Additional Working Capital Requirements

We will need additional working capital for the new project. We have estimated our additional working capital requirements for fiscal 2014 for our Company which will be partly funded through the proposed public issue. The details of working capital margin requirements are as under:

(₹ Lacs)						
Particulars	Mar-12 Actual	No. of Days	Mar-13 Estimated	No. of Days	Mar-14 Projected	No. of Days
Current Assets						
Stock of Raw Material	176.91	14.36	226.28	15.82	261.26	15.82
Stock in process	10.42	0.85	57.15	3.99	65.56	3.97
Finished Goods	533.39	39.15	238.13	13.04	273.17	13.13
Loans and Advances	211.08		926.28		1,087.88	
Debtors	2,657.92	195.11	1,666.51	91.25	1,898.15	91.25
Other Current Assets	0.44					
Total	3,590.16		3,114.35		3,586.02	
Current Liabilities						
Sundry Creditors	1,733.19	140.73	439.52	30.72	507.45	30.72
Provisions	28.29		47.34		139.1	
Other Current Liabilities	57.96		50.00		50.00	
Total	1819.44		536.86		696.55	
Working Capital Gap	1,770.73		2,577.49		2,889.47	
Less: Existing Bank Borrowings	710.31		800.00		800.00	
Net Working Capital Requirement	1,060.42		1,777.49		2,089.47	
Proposed Working Capital to be funded from IPO	0.00		0.00		300.00	
Funding through Internal Accruals and Unsecured Loans	1,060.42		1,777.49		1,789.47	

(B) Public Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, advertising expenses and listing fees. The estimated Issue expenses are as follows:

Sr. No.	Particulars	Amount (₹ in Lacs)
1.	Payment to Merchant Banker including fees and reimbursements of Market Making Fees, selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars, Bankers etc and other out of pocket expenses.	35.00

2.	Printing & Stationery and Postage Expenses	5.00
3.	Marketing and Advertisement Expenses	5.00
4.	Regulatory fees and other expenses	3.00
5.	Other Miscellaneous expenses	2.00
Total		50.00

Schedule of implementation

The net proceeds of the issue is proposed to be used towards meeting working capital requirements of the company and the same will be utilised towards the stated objects during FY 2014.

Deployment of Funds in the Project

Our Company has incurred the following expenditure on the project till June 15, 2013. The same has been certified by our statutory auditors MNRD & Associates, Chartered Accountants *vide* their certificate dated June 15, 2013.

(₹ in Lacs)		
Sr. No.	Particulars	Amount Deployed till June 15, 2013
1	Public Issue Expenses	12.13
	Total	12.13

The above funds were deployed from the Company's internal accruals.

Details of balance fund deployment

(₹ in Lacs)				
Sr. No.	Particulars	Expenses Already Incurred	FY 2014	Total
1	Meeting Additional Working Capital Requirements	-	300.00	300.00
2	Meeting Public Issue Expenses	12.13	37.87	50.00
	Total	12.13	337.87	350.00

Appraisal Report

None of the objects for which the Issue Proceeds will be utilised have been financially appraised by any financial institutions/banks.

Bridge Financing Facilities

We have currently not raised any bridge loans against the Net Proceeds. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Issue Proceeds.

Interim Use of Funds

The management, in accordance with the approval of the Board of Directors, will have the flexibility in deploying the Issue Proceeds. Pending utilization for the purposes described above, we intend to invest the Issue Proceeds in interest/dividend bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration or for reducing overdraft. Such investments would be in accordance with all applicable laws and investment policies approved by our Board from time to time. Our Company confirms that pending utilization of the Issue Proceeds, it shall not use the funds for any investments in the equity markets.

Monitoring of Issue proceeds

As the size of the Issue will not exceed ₹ 50,000 Lacs, the appointment of Monitoring Agency would not be required as per Regulation 16 of the SEBI ICDR Regulations. Our Board will monitor the utilization of the proceeds of the Issue. Our Company will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statement specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular, clause 52 of the Listing Agreements. The statement shall be certified by our Statutory Auditors.

Further, in terms of clause 43A of the Listing Agreements, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Draft Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under clause 41 of the Listing Agreement and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of clause 52 of the Listing Agreements.

No part of the proceeds of this issue will be paid as consideration to our Promoters, Directors, Key Managerial Personnel or group concerns/companies promoted by our Promoters.

BASIS FOR ISSUE PRICE

The Issue Price is determined by our Company in consultation with the Lead Manager. The financial data presented in this section are based on our Company's restated financial statements. Investors should also refer to the sections titled 'Risk Factors' and 'Financial Information' on pages 9 and 102, respectively, of the Draft Prospectus to get a more informed view before making the investment decision.

Qualitative Factors

For details of Qualitative factors please refer to the paragraph "Our Competitive Strengths" in the chapter titled "Our Business" beginning on page 71 of the Draft Prospectus.

Quantitative Factors

1. Basic & Diluted Earnings Per Share (EPS):

Period	Basic and Diluted EPS (₹)	Weightage
Fiscal 2012	0.55	3
Fiscal 2011	0.46	2
Fiscal 2010	0.34	1
Weighted Average	0.49	

2. Price to Earnings (P/E) ratio in relation to Issue Price of ₹ 10:

Particulars	P/E at the Issue Price (₹ 10)
a. Based on 2011-12 EPS of ₹ 0.55	18.18
b. Based on weighted average EPS of ₹ 0.49	20.41

Industry P/E	
▪ Highest – Bombay Dyeing	33.3
▪ Lowest – Alok Industries	1.6
▪ Average (Textiles - Processing)	4.7

Source: Capital Market, Vol XXVII/22, December 24 – Jan 06, 2013

3. Return on Net Worth

Period	Return on Net Worth (%)	Weights
Year ended March 31, 2012	2.54	3
Year ended March 31, 2011	2.19	2
Year ended March 31, 2010	1.65	1
Weighted Average	2.28	

4. Minimum Return on increased Net Worth required to maintain pre-Issue EPS.

The minimum return on increased net worth required to maintain pre-Issue EPS for the Fiscal 2012:

A) Based on Basic and Diluted EPS of ₹ 0.55

- a. At the Issue Price of ₹ 10 – 3.03 % based on restated financial statements.

B) Based on Weighted Average EPS of ₹ .0.49

- a. At the Issue Price of ₹ 10 – 2.70 % based on restated financial statements.

5. Net Asset Value per Equity Share

- As of March 31, 2012, ₹ 21.67
- NAV per Equity Share after the Issue is ₹ 18.12
- Issue Price per Equity Share is ₹ 10.00

6. Comparison of Accounting Ratios

Particulars	Face Value (₹)	EPS - TTM (₹)#	P/E Ratio	RONW (%)	NAV (₹)
Damodar Threads	10	12.1	3.6	12.3	56.6
Gini Silk Mills	10	1.3	29.1	8.9	41.7
Welspun Syntex	10	6.3	2.4	8.6	29.0
Subh Tex (India) Limited*	10	0.55	18.18	2.54	21.67

Source: Capital Market, Vol XXVII/22, Dec 24 – Jan 06, 2013

*Based on March 31, 2012 restated financial statements.

Standalone

The peer group identified is broadly based on the service lines that we are into, but their scale of operations is not comparable to us.

The face value of Equity Shares of our Company is ₹ 10 per Equity Share and the Issue price is 1 time the face value.

The Issue Price of ₹ 10 is determined by our Company, in consultation with the Lead Manager is justified based on the above accounting ratios. For further details, please refer to the section titled 'Risk Factors', and chapters titled 'Our Business' and 'Financial Information' beginning on page numbers 9, 71 and 102, respectively of the Draft Prospectus.

STATEMENT OF TAX BENEFITS

The Board of Directors

Subh Tex (India) Limited
18, Surti Chamber
2nd Dhobi Talao Lane
Mumbai - 400 002
Maharashtra

Dear Sirs,

We hereby confirm that the enclosed annexure, prepared by **Subh Tex (India) Limited ('the Company')** states the possible tax benefits available to the Company and the shareholders of the Company under the Income – tax Act, 1961 ('Act'), the Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfill.

The Direct Tax Code (which consolidates the prevalent direct tax laws) is proposed to come into effect from April 1, 2013. However, it may undergo a few more changes by the time it is actually introduced and hence, at the moment, it is unclear what effect the proposed Direct Tax Code would have on the Company and the investors.

The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We do not express and 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, where applicable have been/would be met.

For MNRD & Associates

Chartered Accountants

Firm Registration Number: 126991W

Narayan B Toshniwal

Partner

Membership No: 048334

Place: Mumbai

Date: July 9, 2013

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO SUBH TEX (INDIA) LIMITED AND ITS SHAREHOLDERS

Outlined below are the possible benefits available to the Company and its shareholders under the current direct tax laws in India for the Financial Year 2012-2013.

A. Special Tax benefits available to the Company

The existing unit of the Company is entitled for tax incentives, details of which are mentioned below:

- Unit located at 259/1/1, Plot No. 18, Village Dadra, Dadra & Nagar Haveli (Union Territory): This unit has sales tax exemption for a period of 15 years effective from March 31, 2004 till December 31, 2017 without any limit under Administration's Notification No. DNH/CST/35 dated February 05, 2003 read with Administration's Notification No. DNH/CST/4-1/99/3 dated December 31, 1999.

B. Benefits to the Company under the Act

1. General Tax Benefit

a) Business Income

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act. Business losses, if any, for an assessment year can be carried forward and set off against business profits for 8 subsequent years. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of Section 32 of the Act.

b) MAT Credit

- As per provisions of Section 115JAA of the Act, the Company is eligible to claim credit for Minimum Alternate Tax ('MAT') paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years.
- MAT credit shall be allowed for any assessment year to the extent of difference between the tax payable as per the normal provisions of the Act and the tax paid under Section 115JB for that assessment year. Such MAT credit is available for set-off up to 10 years succeeding the assessment year in which the MAT credit arises.

c) Capital Gains

(i) Computation of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as long – term capital gains ('LTCG'). In respect of any other capital assets, the holding period should exceed thirty – six months to be considered as long – term capital assets.
- Short Term Capital Gains ('STCG') means capital gains arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.
- In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) is exempt

from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.

- Income by way of LTCG exempt under Section 10(38) of the Act is to be taken into account while determining book profits in accordance with provisions of Section 115JB of the Act.
- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income of a domestic company exceeds Rs 10,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.
- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains from income – tax

- Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by –
 - National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and
 - Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.
- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

d) Securities Transaction Tax ('STT')

- As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

e) Dividends

- As per provisions of Section 10(34) read with Section 115-O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another Domestic Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% (plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon) on the total amount distributed as dividend.
- Further, if the company being a holding company, has received any dividend from its subsidiary on which dividend distribution tax has been paid by such subsidiary, then company will not be required to pay dividend distribution tax to the extent the same has been paid by such subsidiary company.
- As per provisions of Section 10(35) of the Act, income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) is exempt from tax.
- As per provisions of Section 80G of the Act, the Company is entitled to claim deduction of a specified amount in respect of eligible donations, subject to the fulfillment of the conditions specified in that section.
- As per the provisions of Section 115BBD of the Act, dividend received by Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable at the concessional rate of 15% on gross basis (excluding surcharge and education cess).

C. Benefits to the Resident members / shareholders of the Company under the Act

(a) Dividends exempt under section 10(34) of the Act

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the resident members / shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.

(b) Capital Gains

(i) Computation of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of any other capital assets, the holding period should exceed thirty – six months to be considered as long – term capital assets.

- STCG means capital gains arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.
 - In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.
 - LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.
 - As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
 - As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
 - As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
 - STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
 - The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income of a domestic company exceeds Rs 10,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.
 - As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.
 - As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.
- (ii) Exemption of capital gains arising from income – tax
- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein:
 - Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year.

- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.
- In addition to the same, some benefits are also available to a resident shareholder being an individual or Hindu Undivided Family ('HUF').
- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.

D. Benefits to the Non-resident shareholders of the Company under the Act

(a) Dividends exempt under section 10(34) of the Act

- As per provisions of Section 10(34), dividend (both interim and final), if any, received by non-resident shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.

(b) Capital Gains

(i) Computation of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of any other capital assets, the holding period should exceed thirty – six months to be considered as long – term capital assets.
- STCG means capital gain arising from the transfer of capital asset being a share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.
- In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.
- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section

10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.

- As per first proviso to Section 48 of the Act, the capital gains arising on transfer of shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to Section 48 is not available to non-resident shareholders.
 - As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
 - As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
 - STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
 - The tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income of a domestic company exceeds Rs 10,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.
 - As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.
 - As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.
- (ii) Exemption of capital gains arising from income – tax
- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein:
 - Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year.
 - Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
 - As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.
- In addition to the same, some benefits are also available to a resident shareholder being an individual or HUF.
- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.

(c) Tax Treaty Benefits

- As per provisions of Section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder or the Act, whichever is more beneficial.

(d) Non-resident taxation

- Special provisions in case of Non-Resident Indian ('NRI') in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:
- NRI means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
- Specified foreign exchange assets include shares of an Indian company which are acquired / purchased / subscribed by NRI in convertible foreign exchange.
- As per provisions of Section 115E of the Act, LTCG arising to a NRI from transfer of specified foreign exchange assets is taxable at the rate of 10% (plus education cess and secondary & higher education cess of 2% and 1% respectively).
- As per provisions of Section 115E of the Act, income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under Section 10(38)) from assets (other than specified foreign exchange assets) arising to a NRI is taxable at the rate of 20% (education cess and secondary & higher education cess of 2% and 1% respectively). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.
- As per provisions of Section 115F of the Act, LTCG arising to a NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.
- As per provisions of Section 115G of the Act, where the total income of a NRI consists only of income / LTCG from such foreign exchange asset / specified asset and tax thereon has been deducted at source in accordance with the Act, the NRI is not required to file a return of income.

- As per provisions of Section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he / she may furnish a declaration in writing to the assessing officer, along with his / her return of income under Section 139 of the Act for the assessment year in which he / she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him / her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.
- As per provisions of Section 115I of the Act, a NRI can opt not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of the chapter shall not apply for that assessment year. In such a situation, the other provisions of the Act shall be applicable while determining the taxable income and tax liability arising thereon.

E. Benefits available to Foreign Institutional Investors ('FIIs') under the Act

(a) Dividends exempt under section 10(34) of the Act

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by a shareholder from a domestic Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 5% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.

(b) Long – term capital gains exempt under section 10(38) of the Act

- LTCG arising on sale equity shares of a company subjected to STT is exempt from tax as per provisions of Section 10(38) of the Act. It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

(c) Capital Gains

- As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge and education cess and secondary & higher education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.
- As per provisions of Section 115AD of the Act, capital gains arising from transfer of securities is taxable as follows:

<u>Nature of income</u>	<u>Rate of tax (%)</u>
LTCG on sale of equity shares not subjected to STT	10
STCG on sale of equity shares subjected to STT	15
STCG on sale of equity shares not subjected to STT	30

- For corporate FIIs, the tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income exceeds Rs 10,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of FIIs.
- The benefit of exemption under Section 54EC of the Act mentioned above in case of the Company is also available to FIIs.

(d) Securities Transaction Tax ('STT')

- As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

(e) Tax Treaty Benefits

- As per provisions of Section 90(2) of the Act, FIIs can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the FII, whichever is more beneficial.
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

F. Benefits available to Mutual Funds under the Act

(a) Dividend Income

- Dividend income, if any, received by the shareholders from the investment of mutual funds in shares of a domestic Company will be exempt from tax under section 10(34) read with section 115O of the Act.

- (b) As per 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 and mutual funds authorized by the Reserve Bank of India, is exempt from income-tax, subject to the prescribed conditions.

G. Wealth Tax Act, 1957

- Wealth tax is chargeable on prescribed assets. As per provisions of Section 2(m) of the Wealth Tax Act, 1957, the Company is entitled to reduce debts owed in relation to the assets which are chargeable to wealth tax while determining the net taxable wealth.
- Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957 and hence, wealth tax is not applicable on shares held in a company.

H. Gift Tax Act, 1958

- Gift tax is not leviable in respect of any gifts made on or after October 1, 1998.

Note:

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

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14% to industrial production, 4 percent to the GDP, and 17% to the country's export earnings. It provides direct employment to over 35 million people. The Textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian textiles industry is extremely varied, with the hand-spun and hand woven sector at one end of the spectrum, and the capital intensive, sophisticated mill sector at the other. The decentralized power looms/ hosiery and knitting sectors form the largest section of the Textiles

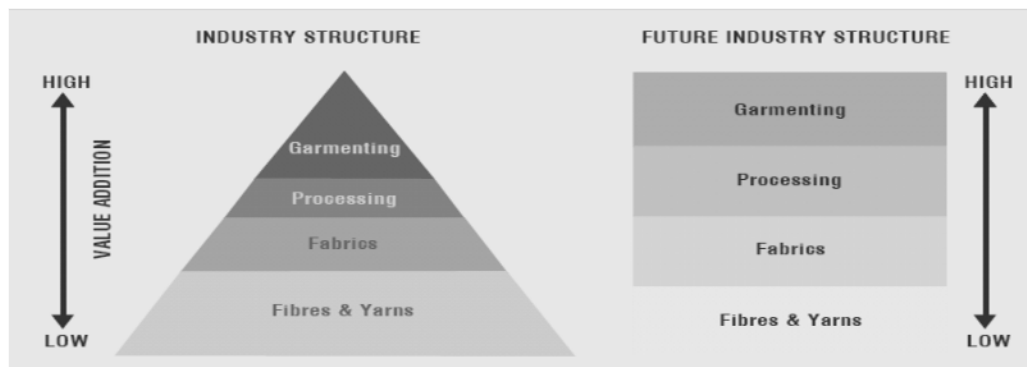
(Source: Annual Report 2011 – 2012, Ministry of Textiles, GOI)

India earns about 27 per cent of its total foreign exchange through textile exports. The textile industry contributes nearly 14 per cent of the total industrial production of the country. Fabric production rose to 60,996 million sq meters in FY 2011 from 52,665 million sq meters in FY 2007.

Production of raw cotton grew to 32.5 million bales in FY11 from 28 million bales in FY07, while production of man-made fibre rose to 1,281 million kgs in FY11 from 1,139 million kgs in FY07. Production of yarn grew to 6,233 million kgs in FY11 from 5,183 million kgs in FY07. India has the potential to increase its textile and apparel share in the world trade from the current level of 4.5 per cent to 8 per cent and reach US\$ 80 billion by 2020. Exports of textile grew to US\$ 26.8 billion in FY10 from US\$ 17.6 billion in FY06. India's textile trade is dominated by exports with a CAGR of 6.3 per cent during the same period.

(Source: http://www.ibef.org/artdispview.aspx?art_id=31705&cat_id=123&in=73)

Current Industry Structure and Future Industry Structure



The current textile industry structure in India is with maximum players in the Fibres and Yarns and very few players in the Garmenting and retailing sector. But now Indian players have realized the need to be a vertically integrated player and more and more companies are moving up the value chain both organically as well as through consolidations.

The major sub-sectors that comprise the textiles sector include the organized Cotton / Man-Made Fibre Textiles Mill Industry, the Man-made Fibre / Filament Yarn Industry, the Wool and Woollen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry, and Textiles Exports.

ORGANISED COTTON/ MAN - MADE FIBRE TEXTILES INDUSTRY

The Cotton / Man-made fibre textile industry is the largest organized industry in the country in terms of employment (nearly 1 million workers) and number of units. Besides, there are a large number of subsidiary industries dependent on this sector, such as those manufacturing machinery, accessories, stores, ancillaries, dyes

& chemicals. As on 30.11.2011, there were 1946 cotton/man-made fibre textile mills (non-SSI) in the country with an installed capacity of 43.13 million spindles 5,20,000 rotors and 52,000 looms.

Textile production covering man-made fibre, man-made filament yarn and cotton yarn is showing a decreasing trend. Blended and 100% non cotton yarn production recorded an increase of 5.2% during 2011-12 (April – October 2011). The production of spun yarn during April-Oct. (2011-12) has shown a decrease of 8.1%. The production of cotton yarn during 2011-12 (April-Oct. 2011) recorded a decrease of 12.7% (Provisional). Cloth production by mill sector showed marginal increase of 4.6% during April-Oct. (2011-12) (provisional). During the same period cloth production by power loom and hosiery sector showed a decrease of 4.4% and 17.8% respectively. However the cloth production in handloom sector showed an increase of 3%.

(Source: Annual Report 2011 – 2012, Ministry of Textiles, GOI)

MAN- MADE STAPLE FIBRE AND FILAMENT YARN INDUSTRY

The man-made fibre and yarn industry comprises fibre and filament yarn manufacturing units of cellulosic and non-cellulosic origin. The cellulosic fibre/ yarn industry is under the administrative control of the Ministry of Textiles while non-cellulosic industry is under the control of Ministry of Chemical and Fertilizers (Department of Chemicals and Petro Chemicals). This industry has a vital role to play in the Textile industry in the sense that out of total consumption of 6.94 billion kgs of fibre (2010-11) including cotton and man-made, 2.57 billion kgs i.e. 37%, is manufactured by the man-made fibre / yarn industry.

The production of man-made fibre during 2010-11 amounted to 1284.64 million kg as compared to 1268.04 million kg during the previous year constituting an increase of 1.31%. The percentage increase / decrease in production of polyester staple fibre, acrylic staple fibre and polypropylene staple fibre during 2010-11 were 2.77%, (-) 12.74% and 11.28% respectively as compared to 2009-10.

The production of man-made filament yarn during 2010-11 amounted to 1549.80 million kg in comparison to 1522.72 million kg during the previous year constituting an increase of 1.78%. The percentage increase / decrease of nylon filament yarn, polyester filament yarn and polypropylene filament yarn during the period were 10.25%, 1.91% and (-) 11.16%.

The import of man-made fibre / filament yarn showed a decreasing trend during the last five years except during 2010-11. The import of man-made fibre / yarn amounted to 103.19 million kg during 2010-11 as compared to 87.24 million kg previous year 2009-10 constituting an increase of 18.28%

The export of man-made fibre / filament yarn showed a mixed trend during the last five years. The export increased during the year 2010-11 in comparison to previous year. The export of man-made fibre / yarn amounted to 498.70 million kg during 2010-11 as compared to 366.31 million kg during previous year 2009-10 constituting an increase of 36.14%

(Source: <http://www.texmin.nic.in/> A&MMT Section, Updated on 11-04-2012)

THE DECENTRALISED POWERLOOM SECTOR

The decentralised powerloom sector is one of the most important segments of the Textile Industry in terms of fabric production and employment generation. It provides employment to 57.44 Lakh persons and contributes 62 percent to total cloth production in the Country. 60% of the fabrics produced in the powerloom sector is man-made. More than 60% of fabric meant for export is also sourced from powerloom sector. The readymade garments and home textile sectors are heavily dependent on the powerloom sector to meet their fabric requirement. There are approximately 5.19 Lakh Powerloom Units with 22.98 Lakh Powerlooms as on 31.08.2011.

The estimated number of powerlooms in the decentralised sector in the country till 31.08.2011 was 22,98,050. The year-wise growth in the number of looms installed is given in table below:

Year	No. of powerlooms	Growth percentage
2006-07	19,90,308	-
2007-08	21,06,370	5.8%
2008-09	22,05,352	4.7%
2009-10	22,46,474	1.9%
2010-11	22,82,744	1.61%
2011-12 (up to Aug, 2011)	22,98,050	0.67%

The details of total cloth production and production by powerloom sector during the last five years are given in table below:

Year	Total production	Production on Powerloom	%age of powerloom over total cloth production	%age increase over previous year	
				Total Production	Powerloom production
2006-07	53,389	32,879	61.78%	-	-
2007-08	56,025	34,725	61.98%	4.94%	5.61%
2008-09	54,966	33,648	61.22%	-1.89%	-3.10%
2009-10 (P)	60,333	36,997	61.29%	9.76%	9.95%
2010-11 (P)	61,808	37,571	60.73%	2.55%	1.55%
2011-12 (P) April - Aug	24,355	15,055	61.81%	--	--

Item-wise Production of Cloth in Decentralized Power loom Sector:

Item	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (P)	2011-12 (April-Oct)
Cotton	7361	8821	9647	9923	9621	10128	11852	6729
Blended	4526	4632	5025	4918	4764	5487	5853	3554
100% Non Cotton	16438	17173	18207	19884	19263	21382	20224	11172
Total	28325	30626	32879	34725	33648	36997	37929	21454

In order to achieve the overall development of the powerloom sector, Govt. has announced the Integrated Scheme for Powerloom Sector Development during 2007 – 08. The Scheme has got the following components:-

- Marketing Development programme for Powerloom Sector
- Exposure visit of Powerloom Weavers to other Clusters
- Survey of the Powerloom Sector
- Powerloom Cluster Development
- Development and Upgradation of skills (HRD)

Marketing Development programme has a vital role in powerloom sector. Therefore, an activity for promotion and marketing of powerloom products through different mechanism such as organization of exhibitions and buyer seller meets, Seminar / Workshops, publicity & awareness programmes etc. are being implemented in association with Powerloom Development & Export Promotion Council (PDEXCIL) and other agencies. During 11th Plan (2007-08 to Oct.2011), total 44 BSM have been conducted and Govt. has released fund amounting Rs.2.66 Crore.

(Source: Annual Report 2011 – 2012, Ministry of Textiles, GOI)

HANDLOOMS

Handloom weaving is one of the largest economic activity after agriculture providing direct and indirect employment to more than 43 lakh weavers and allied workers. This sector contributes nearby 15% of the cloth production in the country and also contributes to the export earning of the country. 95% of the world's hand woven fabric comes from India.

The handloom sector has a unique place in our economy. It has been sustained by transferring skills from one generation to another. The strength of the sector lies in its uniqueness, flexibility of production, openness to innovations, adaptability to the supplier's requirement and the wealth of its tradition. The adoption of modern techniques and economic liberalization, however have made serious inroads into the handloom sector. Competition from powerloom and mill sector, availability of cheaper imported fabrics, changing consumer preferences and alternative employment opportunities have threatened the vibrancy of handloom sector.

Resultant to the developmental and welfare measures initiated by the Government of India, the declining trend in production in the handloom sector had been arrested and from the year 2004-05 (except year of recession in 2008-09) there in fact has been a considerable growth in production in the sector. Production in the handloom sector recorded a figure of 6949 million sq. meters in the year 2010-11, which is about 26% over the production figure of 5493 million sq. meters recorded in the year 2003-04.

Item	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (P)	2011-12 (April-Oct)
Cotton	4792	5236	5717	6076	5840	5857	6016	3548
Blended	146	145	99	123	118	137	143	74
100% Non Cotton	784	727	720	748	719	812	790	446
Total	5722	6108	6536	6947	6677	6806	6949	4068

(Source: Annual Report 2011 – 2012, Ministry of Textiles, GOI)

PROCESSING SECTOR

The textile-processing segment of the Indian textile industry is highly fragmented and can be broadly divided into four segments:

- (i) Hand processing units.
- (ii) Hand processing units with certain exempted power processes.
- (iii) Independent power processing units.
- (iv) Processing facilities attached to composite or semi-composite mills.

Government has identified processing as a critical segment. The National Textile Policy envisages:

- Setting up of modern processing units, which would meet the international quality and environmental norms.
- Expansion of the network of CAD / CAM, computerized color matching and testing facilities, particularly in the clusters of the decentralized textile centers.
- Extending necessary support to individual units in achieving ISO 9000 (quality) and ISO – 14000 (environment) standards
- Giving a thrust to development of eco-friendly dyes, including natural and vegetable dyes and on energy conservation.

Globally the environmental issues are increasingly dominating the textile processing industry. In view of this, and as per mandate of National Textile Policy, the important steps taken by Government to boost the high-tech investment in processing sector include:

- (i) Technology Upgradation Fund Scheme launched by Government of India on 01.04.1999, envisages boosting investment in high-tech processing units, by providing 5% interest reimbursement on TUF loans. The scheme has been extended for 11th five year plan.
- (ii) In order to take care of quality requirements and facilitate eco-friendly production of processed fabric, eco-testing and quality testing facilities have been created throughout the country, so that the testing facilities are available within the reach of majority of manufacturers/ exporters of textiles items.
- (iii) In order to boost investment in high tech capital intensive textile processing projects, a scheme to provide 10% capital subsidy on specified high tech machines has been introduced. The units put up under this scheme may avail 5% interest reimbursement under TUFs, in addition to 10% capital subsidy. This facility has been extended for 11th five year plan.
- (iv) In order to develop textile clusters in an integrated manner the scheme of Textiles Centre Infrastructure Development (TCIDS) has been merged with Apparel Park Scheme and is now known as Scheme for Integrated Textiles Park (SITP). Under this scheme the textile parks with all infrastructural facilities including state-of-the-art effluent treatment plants are encouraged. The scheme provides for 40% subsidy on the project cost subject to the maximum of Rs.40 crore.

(Source: Annual Report 2011 – 2012, Ministry of Textiles, GOI)

EXPORTS

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

Milestones

- Exports of textiles and clothing products from India have increased steadily over the last few years, particularly after 2004 when textiles exports quota stood discontinued.
- India's Textiles & Clothing (T&C) exports registered a robust growth of 25% in 2005-06, recording a growth of US\$ 3.5 billion over 2004-05 in value terms thereby reaching a level of US\$ 17.52 billion and the growth continued in 2006-07 with T&C exports of US\$ 19.15 billion recording an increase of 9.28% over the previous year and reached US\$ 22.15 billion in 2007-08 denoting an increase of 15.7%; but declined by over 5% in 2008-09. Exports of Textiles & Clothing grew from US\$ 21.22 billion in 2008-09 to US\$ 22.41 billion in 2009-10 and has touched US\$ 26.82 billion in 2010-11. In the current financial year i.e. 2011-12, exports of textiles and clothing, as per latest available data covering April-October, 2011, has grown by 28.94% over the corresponding period of 2010-11.
- During the year 2010-11 Readymade Garments account for almost 40% of the total textiles exports. Apparel and cotton textiles products together contribute nearly 70% of the total textiles exports.
- The exports basket comprise a wide range of items including readymade garments, cotton textiles, handloom textiles, man-made fibre textiles, wool and woollen products, silk, jute and handicrafts including carpets.
- India's textiles products, including handlooms and handicrafts, are exported to more than a hundred countries. However, the USA and the EU, account for about two-thirds of India's textiles exports. The other major export destinations are China, U.A.E., Sri Lanka, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, Pakistan, Brazil, Hong Kong, Canada, Egypt etc.

- As per the latest available export data, the salient features of the overall textile exports for the period April, 2011 to October, 2011(P) are as follows:

Overall Exports

- The total textile exports during April 2011 to October 2011 (P) were valued at Rs. 78034.13 crore as against Rs. 60594.53 crore during the corresponding period of financial year 2010-11, registering an increase of 28.78 percent in rupee terms.
- In US dollar terms, the same was valued at US\$17053.71 million as against US\$ 13225.72 million during the corresponding period of previous financial year registering an increase of 28.94 percent in US\$ terms.
- However, the share of textiles in India's total exports of all commodities has declined to 10.03 percent from 10.74 per cent during April- October, 2011 as against April- October, 2010.

Composition of Textiles Export

- In rupee / US\$ terms (during 2010-11), exports of readymade garments witnessed the highest export share of 39.61 percent, followed by Cotton Textiles (31.16), and Man-Made Textiles (17.31).

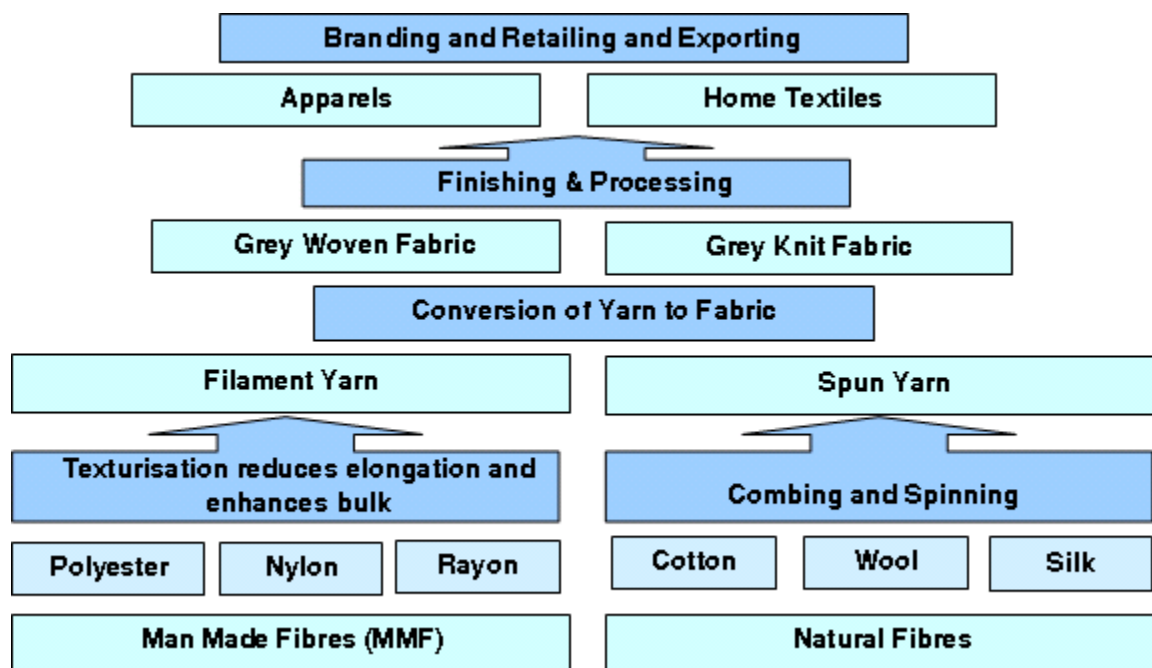
(Source: Annual Report 2011 – 2012, Ministry of Textiles, GOI)

India Advantage

	INDIA	OTHER COUNTRIES
Capacity Utilization	High	Low
Raw material self-sufficiency	High	Low
Level of Integration	High	Low
Dependence on Exports	Low	High
Textile Industry	Fragmented	Consolidated
Textile Exports	Cotton-Based	Non Cotton Based
Per capita fibre consumption	Low	High

Value Addition Norms

Some of the large Indian players have been conferred quality certifications by global retailers for their quality and manufacturing standards. These certifications and quality recognitions have helped Indian companies drive improved price realizations vis-à-vis regional peers. The players catering to the mass merchandisers are expected to face higher competition, as the number of players catering to this segment is higher creating higher price competition. Hence, garmenting and integrated units, catering to specialty stores and brands are expected to have a better pricing flexibility.



Fibre to Spun Yarn: 75%

Yarn to Grey: 40%

Grey Fabric to processed fabric for apparel consumption: 80%

Grey Fabric to non apparel textile items: 100%

Processed fabric to apparel: 110%

Retail value addition for Apparel: 100%

Investments in the Textile sector

The Textile sector grew at 3-4 per cent during the last six decades. As per the Eleventh Five Year Plan, it was projected to fast-track to a growth rate of 16 per cent in value and is further expected to reach US\$ 115 billion (exports US\$ 55 billion and domestic market US\$ 60 billion) by 2012.

India is one of the few countries which has a presence across the entire value chain of the textile and apparel industry.

Foreign direct investment (FDI) inflows in textiles (including dyed, printed) from April 2000 to January 2012 stood at Rs 5,036.27 crore (US\$ 897.79 million).

Source: http://www.ibef.org/artdispview.aspx?art_id=31705&cat_id=123&in=73

Growth Drivers

Domestic Growth Drivers

- Growth in GDP Rate
- Increase in Working Population
- Increase in Young Population
- Greater Disposable Income
- Usage of newer Credit facilities
- Growth in Organized Retail
- Change in Lifestyle
- Increase in Hotels and Tourism
- Hospitals and other Healthcare Products (diapers etc)
- Auto Textiles
- Sports Shoes and Shoe Industry
- Packaging Items

Global Factors

- Need for Vertically Integrated Players
- Quota Regime on China
- Rising Outsourcing Budgets of Textile Players
- Increase in Specialty Stores
- Rising Inflation and Uncompetitive manufacturing in the Developed world
- Indian Companies have design studios abroad
- Dismantling of spinning and weaving capacities in USA, Europe and Japan
- Better Corporate Governance of Indian Corporates
- Chances of Removal of Subsidies on Cotton Production in USA

Government Initiatives

The textile industry, being one of the most significant sectors in the Indian economy, has been a key focus area for the Government of India. A number of policies have been put in place to make the industry more competitive.

Recognizing that technology is the key to being competitive in the global market, the Government of India established the Technology Upgradation Fund Scheme (TUFS) to enable firms to access low-interest loans for technology upgradation. Under this scheme, the Government reimburses 5 per cent of the interest rates charged by the banks and financial institutions, thereby ensuring credit availability for upgradation of the technology at global rates. Under the TUF Scheme, launched on April 1, 1999, loans amounting to Rs 149 billion (US\$ 2.65 billion) have been disbursed to 6,739 applicants.

For Handlooms a cluster approach for the development of the handloom sector was introduced in 2005-06 and 120 clusters were selected. 273 new yarn depots are opened up till now and the Handloom Mark was launched. The Government proposes to take up additional 100-150 clusters in 2007-08.

100 per cent FDI is allowed in the textile sector under the automatic route. The Ministry of Textiles has set up a FDI Cell to attract FDI in the textile sector in the country.

The Textile Commission, under the Ministry of Textiles, facilitates firms in the industry to improve their quality levels and also get recognized quality certifications. Out of 250 textile companies that have been taken up by the Commission, 136 are certified ISO 9001. The other two certifications that have been targeted by the Textile Commission are ISO 14000 Environmental Management Standards and SA 8000 Code of Conduct Management Standards.

(Source: http://www.ibef.org/artdispview.aspx?art_id=31705&cat_id=123&in=73)

Textile Upgradation Fund Scheme

The Technology Upgradation Fund Scheme (TUFS) was commissioned on 01.04.1999 initially for a period of 5 years with a view to facilitate the modernization and upgradation of the textiles industry by providing credit at reduced rates to the entrepreneurs both in the organized and the unorganized sector.

The Scheme has been further extended till 2012 with modified financial and operational parameters which focus on additional capacity building, better adoption of technology, and provides for a higher level of assistance to segments that have a larger potential for growth, like garmenting, technical textiles, and processing. The scheme is administered through 3 nodal agencies, 36 nodal banks and 108 co-opted PLIs. The scheme since inception has propelled investment of more than Rs. 2,10,000 crores. An amount of Rs. 13637.53 crore has been released towards subsidy under the Scheme as on 31.10.2011.

With effect from 28.04.2011, Restructured TUFS has been approved with the enhanced 11th Plan allocation under TUFS from Rs. 8000 crore to Rs. 15,404 crore. The Restructured TUFS ensure focus of interventions on hitherto slow growing sectors like weaving, encouragement to forward integration and tighter administrative controls and monitoring of the scheme. The Restructured TUFS is expected to trigger additional investments of over Rs. 46,900 crore during the balance period of the XIth Five Year Plan.

(Source: Annual Report 2011 – 2012, Ministry of Textiles, GOI)

Scheme for Integrated Textile Parks (SITP)

Scheme for Integrated Textiles Parks was approved in the 10th Five Year Plan to provide the industry with world-class infrastructure facilities for setting up their textile units by merging the erstwhile ‘Apparel Parks for Exports Scheme (APES)’ and ‘Textile Centre Infrastructure Development Scheme (TCIDS)’.

The scheme targets industrial clusters/ locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. The project cost covers the cost of common infrastructure and buildings for production/ support activities, depending on the needs of the ITP. There will be flexibility in setting up ITPs to suit the local requirements. This scheme is implemented through Special Purpose Vehicles (SPVs), where Industry Associations/Group of Entrepreneurs are the main promoters of the Integrated Textile Park (ITP). At each ITP, there would be a separate Special Purpose Vehicle (SPV) formed with the representatives of local Industry, Financial Institutions, State and Central Government. SPV shall invariably be a Corporate Body registered under the Companies Act. Any different structure for the SPV requires the approval of the Project Approval Committee. The SPVs shall have operational autonomy so that they do not become surrogate Public Sector Enterprises or be controlled by Central/State Governments.

Scheme for Integrated Textile Parks (SITP):

- As per the target, forty (40) Textiles Park projects have been sanctioned.
- Estimated project cost (for common infrastructure and common facilities) of the 40 sanctioned projects is Rs. 4133.09 Crore, of which Government of India assistance under the scheme would be Rs. 1419.69 Crore.
- An amount of Rs. 992.43 Crore has been released under SITP.
- 2292 entrepreneurs will put up their units in these parks covering an area of 4307.97 Acre. The estimated investment in these parks will be Rs. 19456.90 Crore and estimated annual production will be Rs. 33568.50 Crore.
- Andhra Pradesh (5), Gujarat (7), Maharashtra (9), Tamil Nadu (8), Rajasthan (5), Karnataka (1), Punjab (3), West Bengal (1), Madhya Pradesh (1).
- Seven projects have been completed – Brandix & Pochampally- Andhra Pradesh, Gujarat Eco Textile Park & Mundra – Gujarat, Palladam Hi-Tech Weaving Park, Karur – Tamil Nadu and Islampur Integrated Textile Park, Maharashtra. Production has been started in 24 out of 40 projects.

(Source: Annual Report 2011 – 2012, Ministry of Textiles, GOI)

The Road Ahead

Considering the overwhelming response to the scheme and opportunities for growth of the textiles industry and in view of the consistent requests from State Governments, industry groups and entrepreneurs for setting up of new textile parks, a note was submitted by the Ministry of Textiles for consideration of the Cabinet Committee on Economic Affairs for approval of more Textile Parks. The CCEA has approved the proposal for sanction of additional parks under SITP to utilize the balance Rs 200 crore (US\$ 35.60 million) in the Eleventh Five Year Plan and number of projects be limited in such a way that committed liability of the new parks does not exceed Rs 200 crore (US\$ 35.60 million) in the Twelfth Five Year Plan. The CCEA also approved the revised guidelines enabling a two tier scrutiny and approval mechanism. The proposals received for new parks have been examined by the Project Scrutiny Committee (PSC) comprising representatives from Ministry of Finance, Planning Commission, Ministry of Commerce & Industry, and Ministry of Environment & Forest. After examination by PSC, 21 new Textile Park proposals have been approved by the Project Approval Committee under the Chairmanship of Minister of Textiles with Secretary (T) and JS concerned as members.

(Source: http://www.ibef.org/artdispview.aspx?art_id=31705&cat_id=123&in=73)

OUR BUSINESS

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Draft Prospectus, including the information contained in the section titled ‘Risk Factors’, beginning on page number 9 of the Draft Prospectus.

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the sections titled ‘Risk Factors’ and ‘Financial Information’ and chapter titled ‘Management Discussion and Analysis of Financial Condition and Results of Operations’ beginning on page numbers 9, 102 and 130, respectively, of the Draft Prospectus.

Unless the context otherwise requires, in relation to business operations, in this section of the Draft Prospectus, all references to “we”, “us”, “our” and “our Company” are to Subh Tex (India) Limited and Group Entities as the case may be.

Overview

Our Company was incorporated on November 16, 1987 as a Private Limited Company under the name Ravi Synthetics Private Limited and subsequently the name of our Company changed the name to Subh Tex (India) Private Limited on December 13, 1990 and became a public limited with effect from July 03, 2003.

Our Company is an ISO 9001:2008 certified organization which manufactures suitings and shirtings. We also export finished suitings to various countries in the Middle East region. Other than the above, we also do trading activities of various materials (semi-finished and finished products) in the textile market.

We initially started our business operations by commencing trading activities. Thereafter in the year 1993, we set up a yarn-dyeing unit at Vapi, Gujarat. However, due to intense competition and viability issues, the said unit was shut down in the year 1998. In the meantime, during the year 1997, we started our Fabric Weaving unit (Unit I) at 277/1/2, Demni Road, Dadra, Dadra & Nagar Haveli (Union Territory) with 36 Sulzer-make powerlooms. Unit I had a capacity to manufacture 1.08 lac meters of textile material per month.

In the year 2002 our Company started operations in its second unit for Fabric Weaving (Unit II) at Plot No. 18, Village Dadra, Dadra & Nagar Haveli (Union Territory) by installing 40 Sulzer-make powerlooms. In July 2012 our Company shifted its entire machinery of Unit I to Unit II. Currently we have a single unit for the manufacturing of grey fabric with an installed capacity of 2.29 Lacs mtrs/month, while our registered office is situated in Mumbai.

Currently, our company is engaged in the business of manufacturing fabric viz suiting & shirting for the domestic and international market. At the same time our Company is involved in trading of various textile products which are of high quality and also bulk trading. These textile goods are in demand and give us an income over and above the manufacturing activity. Also we plan to leverage on the marketing exposure and contacts which we generate from our trading activities which will be useful for converting our trading clients as clients of our manufactured products.

A year-wise build-up of our capacities is given below:

Sr. No.	Year	Capacity
3.	1997	13.00 lac meters p.a.
4.	2002	14.50 lac meters p.a.
Total existing capacity as on date		27.50 lac meters p.a.

Location of manufacturing facilities

We operate from the following plants/premises:

Type of Facility	Location	Major Products
Manufacturing Unit (Unit II)	Plot No. 18, Village Dadra, Dadra & Nagar Haveli (Union Territory)	Suitings and Shirtings

Type of Facility	Location	Major Products
Registered and Corporate Office	18, Surti Chamber, 2 nd Dhobi Talao Lane, Mumbai - 400 002, Maharashtra	--

Our top five customers based on the gross revenues earned from each of them include the following:

Sr. No.	Customer Name	Year ended March 31, 2012	
		Amount (₹ in Lacs)	% of Gross Sales
1.	Santowin Corporation Ltd	814.49	16.38%
2.	Kriplon Synthetics Pvt Ltd	517.39	10.41%
3.	Pratik International	275.55	5.54%
4.	Vijay Fabrics Pvt Ltd	269.27	5.42%
5.	Raj Rayon Industries Ltd	204.85	4.12%

Our Competitive Strengths

1. Quality

Our Company has always believed in the best quality in our processes and products. We have been certified ISO 9001: 2008 as a Manufacturer and Exporter of Fabrics and Garments by British Certifications Inc. Our Company is dedicated towards quality of our products, processes and inputs. We adhere to quality standards as prescribed by our customers.

2. Experienced management team

Our Company is managed by a team of competent personnel having knowledge of core aspects of material, and marketing. Our promoters have the required experience in this field and, along with our Key Managerial Persons have helped us to have long term relations with our customers and has also facilitated us to entrench with new customers. We believe that our experience, knowledge and human resources will enable us to drive the business in a successful and profitable manner.

Our Business Strategy

1. Maintain and Expand Long-term Relationships with Clients

Our Company believes that business is a by-product of relationship. Our Company believes that a long-term client relationship with large clients fetches better dividends. Long-term relations are built on trust and continuous maintaining of the requirements of the customers. It helps understanding the basic requirement of our Company and its market. It also forms basis of further expansion for our Company, as we are able to monitor a potential product/ market closely. Our existing clientele is an example of our long-term client relationships.

2. Enhancing our existing customer base

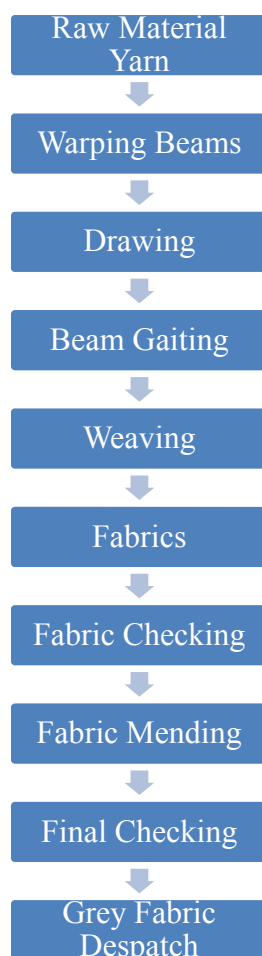
Our present customer base comprises of a large number of Indian companies/concerns. Our Company intends to grow in the business continuously by adding new customers. We are also exploring the international markets for exports of our existing products line which is intended to be of superior quality from the proposed project.

3. Competitive Pricing

To remain aggressive and capitalize a good market share, we believe in offering competitive prices to our customers. This helps us to sustain the competition and claim a position of strength in the marketplace.

Our Major Products

Our Company is primarily in the business of manufacturing suiting and shirting. A brief process flow chart of the activities involved in manufacturing of suiting and shirting is given below:



Our Company manufactures suiting and shirting for which it has installed 76 Sulzer looms at its plant in Silvassa.

Raw Material:

The main raw material for fabrics is Spun Polyester (P.V.) yarn and Polyester yarn. These raw materials are received on paper tubes, packed in cartoons and woven bags.

Warping:

These cones are loaded on the Creel of the warping machines. The yarn is rolled on to the drum of the machines which is then transferred on the Beam rolls. This process is known as Warping.

Drawing:

The beamed roll is then put on a stand where it is drawn as per the quality specification.

Beam gaiting:

The drawn beam is then placed on the loom. This gaiting process takes approx one hour.

Weaving:

After gaiting the production of fabrics begins and it is called weaving.

Checking, Mending:

The fabric is then checked and whatever defects found in them, are removed on mending tables.

Final checking:

The mended fabrics are then again finally checked to ensure the quality standards are maintained.

Dispatch:

These are finally dispatched to the customers as per their instruction.

Plant and Machineries

The major plant and machineries at our manufacturing units are as under:

Sr. No	Machine	Make	Nos (Qty)
1	Powerlooms	Sulzer	76
2	Warping Machines	Local	02

Collaborations

We have not entered into any technical or other collaboration.

Infrastructure Facilities

a) **Major materials** and suppliers – The major materials used by us are:

Sr. No	Major Materials	Major suppliers
1	Polyester Viscose Yarn	Rajasthan Textile Mills, Orient Syntex, Birla Textile Mills
2	Polyester Texturised Yarn	Sanatan Textiles, Raj Rayon Limited

The quality of the materials is checked by our technical team before they are put to use. The materials used by us are ordered on a need basis, depending on the orders on hand and the estimate provided by the marketing team. We do not enter into any long-term contracts with the raw material suppliers.

b) Utilities

Power – The need for power is satisfied through electricity connections provided by the Electricity Department, Dadra & Nagar Haveli, Silvassa. Generator sets are also kept for exigencies at both the locations. The gensets run on diesel, which is available at all locations.

Environment aspect:

Our manufacturing facilities do not emit any hazardous emissions i.e. there are no solid, liquid or gaseous emissions.

d) Manpower

Our Company is committed towards creating an organization that nurtures talent. We provide our employees an open atmosphere with a continuous learning platform that recognizes meritorious performance.

The following is a department-wise break-up of our employees as on July 09, 2013:

Description	Dadra	Registered Office	Total
Senior Management	2	2	4
Middle Management	2	1	3
Factory staff	35	--	35
Office staff	3	2	5
Total	42	5	47

Safety Procedures

Our staff is trained for safety at work. This includes knowledge about handling of the respective machinery which they handle. They are provided with safety equipment as necessary.

Past Production Figures Industry-wise

The textile industry is highly fragmented and is dominated by large number of unorganised players. There is no published data available of the industry in regard to past production figures, existing installed capacities, past trends and future prospects regarding exports etc.

Competition

Our Company is manufacturer of manufactures suitings and shirtings. Textile being a global industry, we face competition from various domestic and international manufacturers suitings and shirtings. Globally, we face stiff competition from large size manufacturers in Indonesia, Korea, Pakistan, Bangladesh, etc.

Approach to Marketing and Marketing Set-up

Our Company manufactures suitings and shirtings, primarily polyester blended yarn blended with either cotton or viscose. We typically sells our products directly to customers or through dealer network and agents. We have contacts with various dealers and/or agents throughout major market places in India. We interact with our dealers/agents and customers to get the feedback on the quality of output and improve the same as well.

Our Company's existing customer base and their increasing requirement of various products will result in optimum utilization of its capacities.

Future Prospects

The future plans of our Company are in line with the way the textile industry is thinking and planning ahead after removal of safeguard quota.

Capacity and Capacity Utilization

Past Capacity and Capacity Utilisation – Existing Unit

Particulars	31.03.12	31.03.11	31.03.10
Installed Capacity (lacs meters per annum)	27.50	27.50	27.50
Estimated Production at 100% Capacity (lacs meters per annum)	27.50	27.50	27.50
Total Production (lacs meters per annum)	19.48	26.85	24.72
Capacity Utilisation	70.84%	97.64%	89.90%

Proposed Capacity and Capacity Utilisation – Existing Unit

Particulars	31.03.13	31.03.14	31.03.15
Installed Capacity (lacs meters per annum)	27.50	27.50	27.50
Estimated Production at 100% Capacity (lacs meters per annum)	27.50	27.50	27.50
Total Production (lacs meters per annum)	22.05	24.20	25.44
Capacity Utilisation	80.18%	88.00%	92.51%

Export Possibilities & Export Obligation

Currently, we have an outstanding export obligation of US\$ 1,50,932.98 which needs to be fulfilled. This amount pertains to below mentioned EPCG Licence:

Sr. No.	Details	Licence No.	Issue / Authorisation Date	Duty Saved (₹ in Lacs)	Export Obligation (in US\$)	Export Obligation completed (in US \$)	Balance Export obligation to be completed (in US \$)	Period upto which Export Obligation to be completed
1	EPCG	330026396	23.06.2010	12.04	1,50,932.98	0.00	1,50,932.98	6 Years from the date of Authorisation

Further, our Company proposes to import certain plant & machinery, required for the current Project, under the EPCG Scheme, in terms of which, capital goods may be imported at a concessional rate of custom duty.

As per the EPCG scheme, we are required to export certain value of goods, failing which an amount equivalent to the duty amount saved along with interest at applicable rates would be required to be paid to the Government of India.

Property

The following table sets forth the location and other details of the owned properties of our Company:

Description of Property	First Party	Date & Type of instrument executed	Consideration & Stamp Duty	Rent & Security Deposit	Maturity of Agreement & Area	Registration of the Agreement
(Unit I)						
Plot No. 227/1/2, Dadra Demani Road, Dadra, Dadra & Nagar Haveli (Union Territory) 1,410 sq.mts	Sumita Industries	Sale Deed dated July 14, 2009.	Consideration of ₹ 7,05,000/- towards land Consideration of ₹ 20,74,000/- towards factory building Registration fee of ₹ 6,997/-	N.A.	N.A.	Registered with the office of the Sub-Registrar, Dadra & Nagar Haveli, Silvassa
(Unit II)						
Plot No. 18, Survey No. 259/1/1, Village Dadra, Dadra & Nagar Haveli (Union Territory) 2,490 sq.mts	Shri. Navnitlal Manilal Shah and Shri Naresh Navnitlal Shah	Sale Deed dated September 09, 2003*	Consideration of ₹ 15,96,090/- Registration fee of ₹ 8,090/-	N.A.	N.A.	Registered with the office of the Sub-Registrar, Dadra & Nagar Haveli, Silvassa

* The Sale deed was jointly executed by the Sellers Shri. Navnitlal Manilal Shah and Shri Naresh Navnitlal Shah alongwith the joint purchasers i.e. Our Company, Subh Tex (India) Limited and M/s. Subhlene Fabrics. The said property was then divided and demarcated between Subh Tex (India) Limited and M/s. Subhlene Fabrics, through an order dated May 12, 2006, issued by the court of Mamlatdar, Dadra & Nagar Haveli, Silvassa, based on an application by Subh Tex (India) Limited and M/s. Subhlene Fabrics dated May 18, 2005.

Registered Office: Other than the above, we have our registered office at: 18, Surti Chamber, 2nd Dhobi Talao Lane, Mumbai - 400 002, Maharashtra. The said office occupied by us vide letter dated July 30, 2012, from Ashok Gupta, granting our company permission to use the office as the registered office w.e.f. July 31, 2012 without payment of any lease rent or deposit.

Intellectual Property

Our Company does not own or otherwise possess any registered intellectual property rights, other than the ones described below:

Sr. No.	Date of Registration	Trademark number	Class	Trademark	Description of goods/services
1.	March 25, 2011	1897754	24	SANZIANO	Suitings, Shirts, Textile Piece Goods and Fabrics of all kinds

Insurance

Our Company maintains insurance against various risks inherent in our business activities, including property damage caused by fire, earthquake, flood, explosion and similar catastrophic events that may result in physical damage to or destruction of our equipment or stocks as also burglary insurance. Although, we consider our insurance coverage to be of a type and level that is economically prudent, we cannot assure you that we will be able to maintain insurance at rate which we consider commercially reasonable or that such coverage will be adequate to cover any claims that may arise. Overall, we generally maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business.

KEY REGULATIONS AND POLICIES

There are no specific laws in India governing the industry in which we operate in India. The significant legislations and regulations that generally govern our industry in India are acts such as the Income Tax Act, 1961, Service Tax Rules, 1994, Employees State Insurance Act, 1948, Bombay Shops and Establishment Act, 1948, Employees Provident Fund and Miscellaneous Act 1952, Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975 and such other acts as applicable. Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, and labour laws apply to us as they do to any other Indian company. For details of government approvals obtained by us, please refer to the chapter titled “Government and Other Approvals” beginning on page number 143 of the Draft Prospectus.

HISTORY AND CERTAIN CORPORATE MATTERS

History of our Company

Our Company was incorporated as ‘Ravi Synthetic Private Limited’ a private limited company under the Companies Act, 1956 pursuant to Certificate of Incorporation dated November 16, 1987 bearing registration number 45305 of 1987 issued by the Registrar of Companies, Maharashtra. The name of our Company was changed to ‘Subh Tex (India) Private Limited’ pursuant to fresh certificate of incorporation consequent upon change of name dated December 13, 1990, issued by the Additional Registrar of Companies, Maharashtra. Thereafter, our Company was converted into a public limited company under the Companies Act and the name of our Company was changed to its present name ‘Subh Tex (India) Limited’ pursuant to fresh certificate of incorporation consequent upon change of name on conversion to public limited company dated July 03, 2003 issued by the Deputy Registrar of Companies, Maharashtra. Our corporate identification number is U99999MH1987PLC045305.

Our current promoters are Santosh Kumar Pralhadrai Saraf and Shraddha Animesh Gupta. Our Company is an ISO 9001:2008 certified organization which specialises in manufacturing and trading of grey fabric.

Our Company was originally promoted by Mr. Devanand Aswani, Mr. Shyam Chawla, Mr. Gulab R. Majithia and Mrs. Hansa P. Majithia. Our Company was then taken over by Vinay Poddar and Ashok Gupta and their family members in February 1991. The current promoters i.e. Santosh Kumar Pralhadrai Saraf and Shraddha Animesh Gupta took over our Company on July 31, 2012 along with complete management control and the residual holding of Vinay Poddar and Ashok Gupta and their family members is now classified as public holding.

Initially, our Company was engaged in the trading activity. In the year 1992-93, our Company started a yarn dyeing unit at Vapi. In the year 1997 our Company started its manufacturing Unit I engaged in Grey Fabric weaving. In the year 1998 our Company closed down its yarn dyeing unit and in the year 2002 our Company started the Unit II for grey fabric weaving. In July 2012 our Company shifted its entire machinery of Unit I to Unit II. Currently we have a single unit for the manufacturing of grey fabric with an installed capacity of 3.5 Lacs mtrs/month.

Our Company had earlier filed its Draft Offer Document with SEBI in the year 2003. We in consultation to our then lead managers decided to withdraw our IPO due to the then prevailing adverse market conditions. We had also filed Draft Prospectus with BSE for listing of equity shares of our Company on SME Platform of BSE in December 2012. We withdrew the Draft Prospectus due to changes in our objects and corresponding fund requirements. For further details of our Company’s activities, services and the growth of our Company, please refer to the chapters titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on page numbers 71 and 130, respectively, of the Draft Prospectus.

The total number of members of our Company as on the date of filing of the Draft Prospectus is 14.

Changes in our Registered Office:

Our Company’s Registered Office is currently situated at 18, Surti Chamber, 2nd Dhobi Talao Lane, Mumbai - 400 002, Maharashtra. Details of changes in the address of the Registered Office of our Company are set forth as under:

From	To	Effective Date	Reason
29, Gopal Bhawan, 199 Princess Street, Mumbai – 400 002	D-16, Yogi Nagar, Borivali West, Mumbai - 400 092	June 15, 1988	For administrative convenience
D-16, Yogi Nagar, Borivali West, Mumbai - 400 092	47, Sunder Mahal, Veer Nariman Road, Mumbai -400020	September 18, 1988	For administrative convenience
47, Sunder Mahal, Veer Nariman Road, Mumbai -400 020	18, Surti Chamber, 2 nd Dhobi Talao Lane, Mumbai - 400 002	November 5, 1990	For administrative convenience
18, Surti Chamber, 2 nd Dhobi Talao Lane, Mumbai - 400 002	A6, Sunita Apartment, 62A, Peddar Raod, Mumbai - 400 026	April 21, 2003	For administrative convenience

From	To	Effective Date	Reason
A6, Sunita Apartment, 62A, Peddar Road, Mumbai - 400 026	Shop No. 21, Arun Chamber, Tardeo Main Road, Mumbai - 400 034	September 25, 2003	For administrative convenience
Shop No. 21, Arun Chamber, Tardeo Main Road, Mumbai - 400 034	18, Surti Chamber, 2 nd Dhobi Talao Lane, Mumbai - 400 002	July 31, 2012	For administrative convenience

The total number of members of our Company as on the date of filing of the Draft Prospectus is fifteen. For further details, please refer the chapter titled ‘*Capital Structure*’ beginning on page number 34 of the Draft Prospectus.

Main Objects of our Company:

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

1. *To carry on the business or manufacturers, importers and exporters, merchants of and dealers in Art Silk and textile goods and allied materials including readymade wear, cotton, nylon, terelene, polyester, woolen and other synthetics manmade cloth and yarn and also engage in the manufacturing, weaving, knitting, texturising twisting, winding, crimping and dyeing of any type of yarn and dyeing, printing, bleaching, mercerizing, cloth, embroidered goods, and other fabrics made out of from cotton, wool, silk, art silk yarn or any other man-made yarn.*

Amendments to the MoA of our Company since Incorporation:

Since incorporation, the following amendments have been made to the MoA of our Company:

Sr. No.	Particulars of Change	Date of Shareholders' Meeting	AGM/EGM
1.	Change in Name Change in the name of our Company from “ <i>Ravi Synthetic Private Limited</i> ” to “ <i>Subh Tex (India) Private Limited</i> ”	December 13, 1990	EGM
2.	Sub-division of Equity Shares Sub-Division of Equity Shares from face value of ₹ 100 to face value of ₹ 10	April 03, 2003	EGM
3.	Change in Name Change in the name of our Company from “ <i>Subh Tex (India) Private Limited</i> ” to “ <i>Subh Tex (India) Limited</i> ”	April 21, 2003	EGM
4.	Increase in Authorised Capital Clause V of our Memorandum of Association was amended for increase in the Authorised Share Capital of our Company from ₹ 2,00,00,000 consisting of 20,00,000 Equity shares of ₹ 10 each to ₹ 20,00,00,000 consisting of 2,00,00,000 Equity shares of ₹ 10 each.	May 17, 2003	EGM

Key Events and Milestones:

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

Financial Year	Event
1987	Incorporation
1991	Change of management by Vinay Poddar and Ashok Gupta
1993	Our Company started a yarn dyeing unit at Vapi
1997	Company started Unit I for Grey Fabric Weaving
2002	Company started Unit I for Grey Fabric Weaving
2012	ISO 9001:2008 certification as a Manufacturer and Exporter of Fabrics and Garments from British Certifications Inc

Financial Year	Event
	Change in management - Takeover by Santosh Kumar Pralhadrai Saraf and Shraddha Animesh Gupta

Subsidiaries and Holding Company:

Our Company is not a subsidiary of any company. Further, as on the date of the Draft Prospectus our Company does not have any subsidiary company.

Other declarations and disclosures

Our Company is not a listed entity and its securities have not been refused listing at any time by any recognized stock exchange in India or abroad. Further, Our Company has not made any Public Issue or Rights Issue (as defined in the SEBI ICDR Regulations in the past 3 years. No action has been taken against Our Company by any Stock Exchange or by SEBI.

Our Company is not a sick company within the meaning of the term as defined in the Sick Industrial Companies (Special Provisions) Act, 1985. Our Company is not under winding up nor has it received a notice for striking off its name from the relevant Registrar of Companies.

Fund raising through equity or debt:

For details in relation to our fund raising activities through equity and debt, please refer to the chapters titled '*Financial Information*' and '*Capital Structure*' beginning on page number 102 and 34, respectively, of the Draft Prospectus.

Revaluation of assets:

Our Company has not revalued its assets since its incorporation.

Changes in the activities of our Company having a material effect

Other than the above, there has been no change in the activities being carried out by our Company during the preceding five years from the date of the Draft Prospectus which may have a material effect on the profits / loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

Injunctions or Restraining Orders:

Our Company is not operating under any injunction or restraining order.

Mergers and acquisitions in the history of our Company

There has been no merger or acquisition of businesses or undertakings in the history of our Company.

Defaults or Rescheduling of borrowings with financial institutions/banks:

Our Company was previously banking with Canara Bank since 1997. However, due to market conditions, we were not able to service the accounts maintained with Canara Bank, and Canara Bank *vide* their letter no. CB/CR/LPD/sti/2685/2007/SKG dated January 22, 2007, had sanctioned an OTS (One Time Settlement) for our account. Our Company thereafter honoured the conditions mentioned in the OTS letter and Canara Bank *vide* their letter no. 1011/CR/Sub-Tex-1010/2007/SKG dated January 07, 2008 have acknowledged that there no dues payable to Canara Bank from our Company.

Thereafter we have been regularly banking with our sole banker, Corporation Bank, and there are no instances of defaults or rescheduling of borrowings with Corporation Bank till date. Presently we have sanctioned facilities of ₹ 99.9 million from Corporation Bank, which is rated by Crisil Limited as 'Crisil B/Stable' *vide* their letter dated June 06, 2012. We have also received a no-objection letter from our sole bankers i.e. Corporation Bank for the proposed public issue *vide* their letter dated October 03, 2012.

Strikes and lock-outs:

Our Company has, since incorporation, not been involved in any labour disputes or disturbances including strikes and lock-outs. As on the date of the Draft Prospectus, our employees are not unionized.

Time and cost overruns in setting up projects:

As on the date of the Draft Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

Shareholders' agreement:

Our Company does not have any subsisting shareholders' agreement as on the date of the Draft Prospectus.

Other Agreements:

Our Company does not have any other agreement as on the date of the Draft Prospectus, including agreement for technical advice and collaboration, concessions and similar other documents.

Strategic Partners:

Our Company does not have any strategic partner(s) as on the date of the Draft Prospectus.

Financial Partners:

As on the date of the Draft Prospectus, apart from the various arrangements with bankers and financial institutions which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

OUR MANAGEMENT

As per the Articles of Association of our Company, we are required to have not less than three (3) Directors and not more than twelve (12) Directors on its Board. As on date of the Draft Prospectus, our Board consist of 5 (five) Directors. Santosh Kumar Saraf is the Managing Director of our Company. Further, in compliance with the requirements of Clause 52 of the SME Equity Listing Agreement, our Board consist of 3 (three) independent Directors.

The Board of Directors of our Company

The following table sets forth certain details regarding the members of our Company's Board as on the date of the Draft Prospectus:

Sr. No.	Name, Designation, Address, Nationality, Age, Occupation and DIN	Date of Appointment as Director and Term of Office	Other Directorships
1.	Santosh Kumar Pralhadrai Saraf S/o Pralhadrai Shivdeo Saraf <i>Designation: Managing Director (Executive and Non-Independent)</i> <i>Address: 6/3 Bhagwati Apartments S.V. Road, Malad West, Mumbai – 400 064</i> <i>Age: 58 years</i> <i>Occupation: Business</i> <i>DIN: 02037477</i>	<i>Date of appointment: November 20, 2012</i> Appointed as Managing Director with effect from December 1, 2012 <i>Term: For a period of three years.</i>	<i>Public Limited Companies:</i> NIL <i>Private Limited Companies:</i> <ul style="list-style-type: none"> Shree Sati Plastic and Chemicals Private Limited
2.	Shradha Animesh Gupta W/o Animesh Gupta <i>Designation: Wholetime Director (Non- Executive and Non-Independent)</i> <i>Address: Gurukripa Bungalows Dixit Road, Vile Parle (East) Mumbai – 400 057</i> <i>Nationality: Indian</i> <i>Age: 32 years</i> <i>Occupation: Business</i> <i>DIN: 06391521</i>	<i>Date of appointment: November 20, 2012</i> Appointed as Wholetime Director with effect from December 1, 2012 <i>Term: For a period of three years, liable to retire by rotation</i>	<i>Public Limited Companies:</i> NIL <i>Private Limited Companies:</i> NIL
3.	Abhijeet Nandkishore Mittal S/o Nandkishore Parmanand Mittal <i>Designation: Director (Non-executive and Independent)</i> <i>Address: 11/28, Guru Nagar J.P. Road, Andheri (West) Mumbai – 400 061</i> <i>Nationality: Indian</i>	<i>Date of appointment: November 20, 2012</i> <i>Term: Liable to retire by rotation</i>	<i>Public Limited Companies:</i> NIL <i>Private Limited Companies:</i> NIL

Sr. No.	Name, Designation, Address, Nationality, Age, Occupation and DIN	Date of Appointment as Director and Term of Office	Other Directorships
	Age: 31 years Occupation: Service DIN: 06384118		
4.	Vinod Jagmohan Bansal S/o Jagmohan Rattan Bansal Designation: Director (Non-executive and Independent) Address: 402, Sunita Building L.T. Road, Dahisar (West) Mumbai – 400 068 Nationality: Indian Age: 65 years Occupation: Business DIN: 01921383	Date of appointment: November 20, 2012 Term: Liable to retire by rotation	Public Limited Companies: SVC Resources Limited Santowin Corporation Limited Private Limited Companies: NIL
5.	Siddharth Prakash Bihani S/o Prakash Bansilal Bihani Designation: Director (Non-executive and Independent) Address: 36, Queens Lawn, 967 S.V. Road, Juhu, Vile Parle West, Mumbai – 400 056 Nationality: Indian Age: 28 years Occupation: Business DIN: 01662255	Date of appointment: November 20, 2012 Term: Liable to retire by rotation	Public Limited Companies: • Blue Cross Infotek Limited • Veega Holding and Trading Company Limited • SVC Resources Limited Private Limited Companies: • Saumil Mercantile Private Limited • Blue Cross Commodities Private Limited • Polaris Ventures Private Limited

Note:

- 1) None of the above mentioned Directors are on the RBI List of willful defaulters as on the date of the Draft Prospectus.
- 2) None of the Promoters, persons forming part of our Promoter Group, our Directors or persons in control of our Company or our Company are debarred by SEBI from accessing the capital market.
- 3) None of the Promoters, Directors or persons in control of our Company, have been or are involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

Brief Profile of the Directors of our Company

Santosh Kumar Pralhadrai Saraf, aged 58 years, is the Managing Director of our Company. He is a resident Indian national. He has completed his Bachelor of Commerce from Mumbai University. He has experience of

over two decades in the Textile Industry and had been engaged in the business of trading in textiles. He became co-promoter of our Company so as to enter in the business of fabric manufacturing.

Shradha Gupta, aged 32 years, is the promoter and a non-independent and non-executive Director of our Company. She is a resident Indian national and has completed her bachelors in Arts from University of Mumbai. She does not have any past experience of managing business. She alongwith Santosh Kumar Pralhadrai Saraf acquired our Company so as to enter in the business of textiles.

Abhijit Mittal, aged 31 years, is a non-executive independent Director of our Company. He holds a bachelors' degree in Management from University of Mumbai and also a Post Graduate Diploma in Management from N.L. Dalmia Institute of Management Studies and Research. He has been working in the field of capital markets since January 2006 and was working as an Associate with Edelwiess Capital till April 2008. From May 2008 till date he is working with Matrix Equitrade as a Manager. He was appointed as an Independent Director of our Company from November 20, 2012.

Vinod Bansal, aged 65 years, is a non-executive independent Director of our Company. He has completed his B.Sc from Punjab University. He has been involved in the business of electronic goods from over 30 years. He was appointed as an Independent Director of our Company from November 20, 2012.

Siddharth Prakash Bihani, aged 28 years, is a non-executive independent Director of our Company. He holds a bachelors' degree Arts in International Business Management from the University of Northumbria, Newcastle, U.K. He has experience of over 4 years in business and is a Director of Blue Cross Infotek Limited and Blue Cross Commodities Private Limited amongst others. He was appointed as an Independent Director of our Company from November 20, 2012.

Family relationship between Directors

None of our Directors are related to each other within the meaning of Section 6 of the Companies Act, 1956.

Borrowing power of the Board

The borrowing powers of our Board are regulated by the provisions of the Articles of Association of our Company.

Pursuant to a special resolution passed at the Extra Ordinary General Meeting of our shareholders held on November 26, 2012 our Directors were authorised to borrow money(s) on behalf of our Company in excess of the paid up share capital and the free reserves of our Company from time to time, pursuant to the provisions of Section 293(1)(d) of the Companies Act, subject to an amount not exceeding ₹ 200 crores.

For further details of the provisions of our Articles of Association regarding borrowing powers, please refer to the chapter titled '*Main Provisions of the Articles of Association*' beginning on page number 181 of the Draft Prospectus.

Terms and Conditions of Employment of the Directors

i. Managing Director

Santosh Kumar Pralhadrai Saraf, Managing Director

Santosh Kumar Saraf is the Managing Director of our Company. He was appointed as a Wholetime Director of our Company on November 20, 2012. He was further designated as the Managing Director for a term of three years commencing w.e.f. December 01, 2012 vide an EGM resolution dated December 14, 2012. The remuneration payable to Santosh Kumar Saraf towards salary (inclusive of perquisites, performance bonus and allowances) in terms of the EGM resolution shall not exceed ₹ 25,000 per month. The terms of appointment for Santosh Kumar Saraf are as follows:

Tenure of Appointment	For a period of 3 (three) years with effect from December 01, 2012.
Basic Salary:	Unless otherwise decided by the Board of Directors, <ul style="list-style-type: none"> Salary, Allowances & Perquisites: not exceeding ₹ 25,000 per month

ii. Whotetime Director***Shraddha Animesh Gupta, Wholetime Director***

Shraddha Animesh Gupta is the Wholetime Director of our Company. She was appointed as a Wholetime Director of our Company on November 20, 2012, and her remuneration w.e.f. December 01, 2012 was approved *vide* an EGM resolution dated December 14, 2012. The remuneration payable to Shraddha Animesh Gupta towards salary (inclusive of perquisites, performance bonus and allowances) in terms of the EGM resolution shall not exceed ₹ 25,000 per month.

iii. Independent Directors

Our independent Directors are not entitled to sitting fees for attending meetings of the Board, or of any committee of the Board.

Shareholding of Directors in our Company

As per the Articles of Association of our Company, a Director is not required to hold any shares in our Company to qualify him for the office of the Director of our Company. The following table details the shareholding in our Company of our Directors in their personal capacity, as on the date of the Draft Prospectus:

Sr. No.	Name of the Directors	No. of Equity Shares held	% of pre-issue paid-up Equity Share capital in our Company
1.	Santosh Kumar Saraf	15,00,000	20.00%
2.	Shradha Gupta	15,00,000	20.00%
Total		30,00,000	40.00%

Details of current and past directorship(s) in listed companies whose shares have been / were suspended from being traded on the BSE / NSE and reasons for suspension

None of our Directors are currently or have been, in the past five years, on the board of directors of a listed company whose shares have been or were suspended from being traded on the NSE or BSE.

Details of current and past directorship(s) in listed companies which have been/ were delisted from the stock exchange(s) and reasons for delisting

None of our Directors are currently or have been on the board of directors of a public listed company whose shares have been or were delisted from being traded on any stock exchange.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them (if any) for attending meetings of the Board or a committee thereof as well as to the extent of remuneration payable to them for their services as Managing Director of our Company and reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under our Articles of Association. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to our non-promoter Directors, out of the present Issue and also to the extent of any dividend payable to them and other distribution in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity Shares, if any, held or that may be subscribed by and allocated to the companies, firms and trusts, if any, in which they are interested as directors, members, partners, and/or trustees.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distribution 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.

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

Interest in promotion of our Company

Except for Santosh Kumar Pralhadrai Saraf and Shraddha Animesh Gupta, being promoters and to the extent to remuneration received/to be received, none of our Directors have any interest in the promotion of our Company.

Interest in the property of our Company

Our Directors have no interest in any property acquired or proposed to be acquired by our Company in the preceding two years from the date of the Draft Prospectus nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company.

Interest in the business of our Company

Further, save and except as stated otherwise in “Statement of Transactions with Related Parties” in the chapter titled “Financial Information” beginning on page number 102 of the Draft Prospectus, our Directors do not have any other interests in our Company as on the date of the Draft Prospectus. Our Directors are not interested in the appointment of Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the directors was selected as a director or member of senior management.

Details of Service Contracts

There are no service contracts entered into with any Directors for provision of benefits or payments of any amount upon termination of employment.

Bonus or Profit Sharing Plan for the Directors

There is no bonus or profit sharing plan for the Directors of our Company.

Contingent and Deferred Compensation payable to Directors

No Director has received or is entitled to any contingent or deferred compensation.

Changes in the Board for the last three years

Save and except as mentioned below, there had been no change in the Directorship during the last three (3) years:

Name of Director	Date of Appointment	Date of Cessation	Reason for Change
Simmi Vinay Poddar	December 01, 2009	September 30, 2010	Additional Director not seeking appointment in AGM
Vinay Balkishan Poddar	December 01, 2009	September 30, 2010	Additional Director not seeking appointment in AGM
Santosh Kumar Pralhadrai Saraf	November 20, 2012	--	Appointed due to takeover of management
Shradha Animesh Gupta	November 20, 2012	--	Appointed due to takeover of management
Rajkumar Babulalji	September 30, 2006	November 20, 2012	Resigned due to change in management

Name of Director	Date of Appointment	Date of Cessation	Reason for Change
Choudhary			
Rajendra Kumar Agarwal	September 30,2006	November 20, 2012	Resigned due to change in management
Balkishan Poddar	September 30,2006	November 20, 2012	Resigned due to change in management
Abhijeet Nandkishore Mittal	November 20, 2012	--	Appointed to broad base the board
Vinod Jagmohan Bansal	November 20, 2012	--	Appointed to broad base the board
Siddharth Prakash Bihani	November 20, 2012	--	Appointed to broad base the board
Ashok Banwarilal Gupta	December 01,2010	November 26, 2012	Resigned due to change in management
Simmi Vinay Poddar	December 01,2010	November 26, 2012	Resigned due to change in management
Vinay Balkishan Poddar	December 01,2010	November 26, 2012	Resigned due to change in management
Ankush Ashok Gupta	November 30,2009	November 26, 2012	Resigned due to change in management

Corporate Governance

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI ICDR Regulations in respect of corporate governance become applicable to our Company at the time of seeking in-principle approval of the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 52 of such Listing Agreement, particularly those relating to composition of Board of Directors, constitution of committees such as Audit Committee, Remuneration and Shareholder / Investors Grievance Committee. Our Board functions either as a full board or through various committees constituted to oversee specific operational areas. Further, our Company undertakes to take all necessary steps to comply with all the requirements of Clause 52 of the Listing Agreement to be entered into with the Stock Exchanges.

Composition of Board of Directors

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 52 of the Listing Agreement. Our Board has five Directors out of which three are independent directors in accordance with the requirement of Clause 52 of the Listing Agreement.

In terms of Clause 52 of the Listing Agreement, our Company has constituted the following Committees of the Board:

1. Audit Committee
2. Remuneration Committee
3. Shareholders/Investors Grievance Committee

To enable efficient functioning with regards to the activities relating to this Issue we have constituted an Initial Public Offer (IPO) Committee.

1. Audit Committee

The Audit Committee was reconstituted *vide* Board resolution dated December 19, 2012 pursuant to Section 292A of the Companies Act and clause 52 of the Listing Agreement. As on the date of the Draft Prospectus the Audit Committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Abhijeet Nandkishore Mittal	Chairman	Non-executive and Independent
Siddharth Prakash Bihani	Member	Non-executive and Independent
Santosh Kumar Pralhadrai Saraf	Member	Executive and Non-independent

Our Company Secretary, Jitendra Tiwari is the secretary of the Audit Committee.

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

1. 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.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to the statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditor.
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference, but not restricted to:
 - a. Matters required to be included in the Director's Responsibility Statement' to be included in our Board's report in terms of Clause (2AA) of Section 217 of the Companies Act;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to the financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
6. Reviewing, with the management, the quarterly financial statements before submission to the board of directors for their approval, including such review as may be required for compliance with provisions of the listing agreement entered into with the Stock Exchanges;
7. Monitoring the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
8. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
9. 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.
10. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
11. Discussing with internal auditors on any significant findings and follow up thereon.
12. 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.
13. 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.
14. 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.
15. To review the functioning of the 'whistle blower' mechanism, when the same is adopted by our Company and is existing.
16. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
17. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and to carry out any other function statutorily required to be carried out by the Audit Committee as per applicable laws;
18. The Audit Committee shall mandatorily review the following information:
 - a. Management discussion and analysis of financial information and results of operations;
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
19. Terms of reference, power, quorum and other matters in relation to the Audit Committee will be as per Clause 52 of Listing Agreement

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Audit Committee, reasons for disagreement shall have to be minuted in the Board Meeting and the same has to be communicated to the shareholders. The chairman of the committee has to attend the Annual General Meetings of our Company to provide clarifications on matters relating to the audit.

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

2. Remuneration Committee

The constitution of the Remuneration Committee was reconstituted at a meeting of the Board of Directors held on December 19, 2012. As on the date of the Draft Prospectus the Remuneration Committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Siddharth Prakash Bihani	Chairman	Non-executive and Independent
Abhijeet Nandkishore Mittal	Member	Non-executive and Independent
Vinod Jagmohan Bansal	Member	Non- executive and Independent

Our Company Secretary, Jitendra Tiwari is the secretary of the Remuneration Committee.

The scope of Remuneration Committee shall include but shall not be restricted to the following:

1. to ensure that our Company has formal and transparent procedures for the selection and appointment of new directors to the board and succession plans;
2. to develop and implement a plan for identifying and assessing competencies of directors;
3. to identify individuals who are qualified to become board members, taking into account a variety of factors, including, but not limited to:
 - a) the range of skills currently represented on the board;
 - b) the skills, expertise, experience (including commercial and/or industry experience) and particular qualities that make individuals suitable to be a director of our Company; and/or
 - c) the individual's understanding of technical, accounting, finance and legal matters;
4. to make recommendations for the appointment and removal of directors;
5. ensure that our Company has in place a programme for the effective induction of new directors;
6. to review, on an ongoing basis, the structure of the board, its committees and their inter relationship;
7. to recommend to the Board, the remuneration packages of our 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.);
8. 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, our 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;
9. to implement, supervise and administer any share or stock option scheme of our Company; and
10. to attend to any other responsibility as may be entrusted by the Board within the terms of reference.

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

3. Shareholders/ Investors Grievance Committee

The Shareholders/ Investors Grievance Committee has been formed by the Board of Directors at the meeting held on December 19, 2012. As on the date of the Draft Prospectus the Shareholders/ Investors Grievance Committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Vinod Jagmohan Bansal	Chairman	Non-executive and Independent
Abhijeet Nandkishore Mittal	Member	Non-executive and Independent
Shradha Animesh Gupta	Member	Executive and Non-Independent

Our Company Secretary, Jitendra Tiwari is the secretary of the Shareholders/ Investors Grievance Committee.

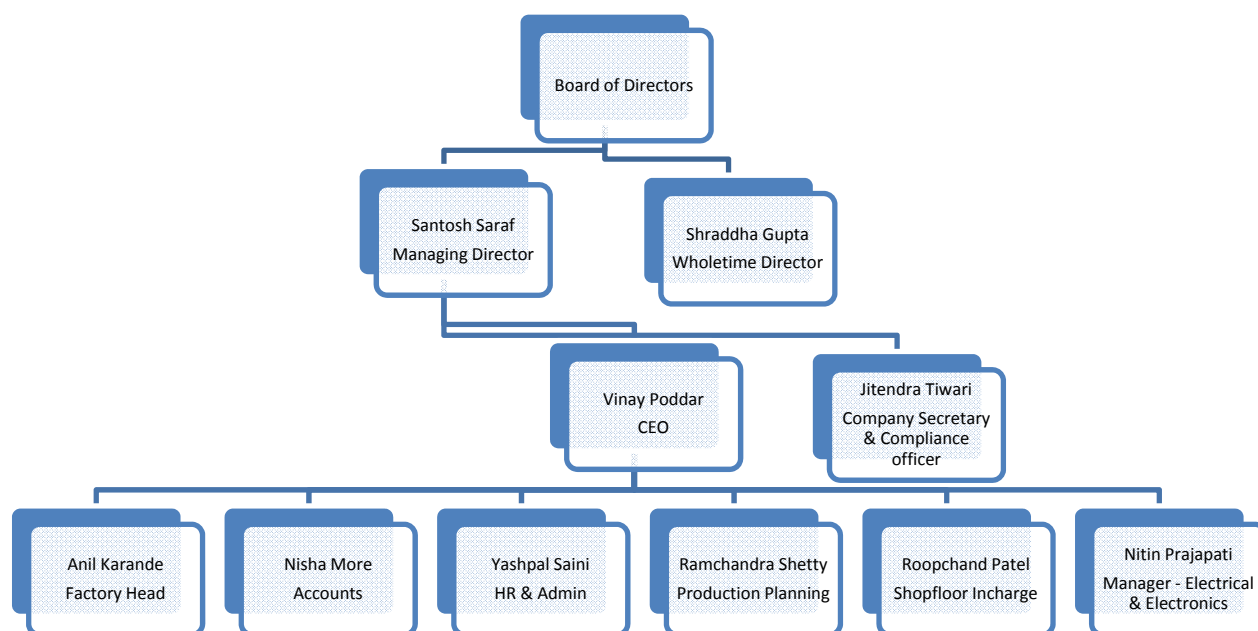
This Committee will address all grievances of Shareholders and Investors in compliance of the provisions of Clause 52 of the Listing Agreements with the Stock Exchanges and its terms of reference include the following:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressal of shareholders and investor complaints in relation to transfer of shares, allotment of shares, non-receipts of the refund orders, right entitlement, non-receipt of Annual Reports and other entitlements, non-receipt of declared dividends etc;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares
4. Issue of duplicate / split / consolidated share certificates;
5. Allotment and listing of shares;
6. Review of cases for refusal of transfer / transmission of shares and debentures;
7. Reference to statutory and regulatory authorities regarding investor grievances;
8. Ensure proper and timely attendance and redressal of investor queries and grievances.
9. To do all such acts, things or deeds as may be necessary or incidental to the exercise of all the above powers.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

Our Company undertakes to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of our Company's shares on the Stock Exchanges. Our Company Secretary, Jitendra Tiwari, is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of price sensitive information and in the implementation of the code of conduct under the overall supervision of the Board.

Management Organisation Chart



Key Managerial Personnel

Our Company is managed by our Board of Directors, assisted by qualified professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel of our Company:

Vinay Poddar, aged 45 years is the Chief Executive Officer (CEO) of our Company. A commerce graduate from Mumbai University, he was earlier associated with our Company since 1993 and as a director since January 2008. However with the change in management, Mr. Poddar resigned as a Director and is now associated as the CEO of our Company w.e.f. November 27, 2012. Mr. Poddar is responsible for the entire operations of the Company including factory and office and also oversees the Finance and Accounts function. He has over 20 years of experience in the field of textiles looking after production and marketing of polyester yarn and suiting-shirting fabrics.

Anil Vishnu Karande, aged 50 years, is a Factory Head of our Company. He holds a Diploma in Textile Technology. He joined our Company on June 01, 2011. At present, he is the overall incharge of the factory and responsible for smooth operations of the same. He has over 25 years of experience in the field of textile. Prior to joining our Company, he was associated with Mayur Textile Division, Subhash Silk Mills and Bombay Dyeing & Mfg. Co. Ltd. He was paid a remuneration of ₹ 3.85 Lacs in the Fiscal 2012 by our Company.

Yashpal Saini, aged 43 years, is a Head- HR & Administration of our Company. He has completed his B.Com from Rajasthan University. He joined our Company on August 01, 1997. At present, he is responsible for HR Function and entire administration. He has over 20 years of experience in the field of textile. Prior to joining our Company, he was associated with Vapi Rubber Private Limited and Subhakti Textiles Limited. He was paid a remuneration of ₹ 1.33 Lacs in the Fiscal 2012 by our Company.

Ramchandra Shetty, aged 46 years, is a Head-Production Planning of our Company. He has completed his SSC. He joined our Company on April 01, 1996. At present, he is responsible for production planning and execution. He has over 25 years of experience in the field of textile. Prior to joining our Company, he was associated with Shakun Textile Industries as a weaving designer. He was paid a remuneration of ₹ 1.81 Lacs in the Fiscal 2012 by our Company.

Nitin Kumar Prajapati, aged 40 years, is the Manager – Electricals & Electronics of our Company. He has completed his ITI Diploma in electronics and TV mechanics. He joined our Company on July 01, 2002. At present, he is responsible for the electrical department of our Company. He has over 15 years of experience in the field of electricals. Prior to joining our Company, he was associated with Bhilosa Tex & twist Pvt. Ltd. He was paid a remuneration of ₹ 0.95 Lacs in the Fiscal 2012 by our Company.

Roopchand Patel, aged 54 years, is a Shop Floor Incharge of our Company. He has completed his B.A. from Banaras Hindu University. He joined our Company on July 01, 2011. At present, he is responsible for shop floor and quality control in our Company. He has over 25 years of experience in the field of quality control. Prior to joining our Company, he was associated with Ram Nivash Infrastructure Private Limited and Deora Polytex Limited. He was paid a remuneration of ₹ 2.46 Lacs in the Fiscal 2012 by our Company.

Nisha More, aged 36 years, is the Accounts & Exports Executive of our Company. She has passed her S.Y.B.A from Tilak Maharashtra Vidyapeeth, Pune. Nisha More joined our Company on December 14, 2009 and is currently a part of our Company's accounts department. She has approximately ten years of experience and was associated with M/s. Raj Labhdi Export and Vishnulene Polyfab Limited prior to joining our Company. She was paid a remuneration of ₹ 3.84 Lacs in the Fiscal 2012 by our Company.

Jitendra Tiwari, aged 57 years, is the Company Secretary of our Company. He is a qualified Company Secretary from the Institute of Company Secretaries of India. He has approximately thirty six years of experience in legal and secretarial matters. Prior to joining our Company, he was associated with Tata Group of Companies and Chemcrown group of Companies. At present, he is responsible for looking after the secretarial matters of our Company. No remuneration was paid to him in the Fiscal 2012 by our Company as he joined our Company in November 26, 2012.

Notes:

- All of our Key Managerial Personnel mentioned above are on the payrolls of our Company as permanent employees.
- There is no agreement or understanding with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned personnel was selected as a director or member of senior management.
- None of our Key Managerial Personnel are “related” to the Promoters or Directors of our Company within the meaning of Section 6 of the Companies Act.

Details of Service Contracts of our Key Managerial Personnel

Except for terms set forth in the appointment letters and the agreement entered into amongst our Company and Vinay Poddar, CEO, our key managerial personnel have not entered into any other contractual arrangements with our Company. Copy of the said agreement is part of the Material Contract and Document and is kept ready for inspection at the registered office of our Company.

Salient features of the CEO agreement are put forth hereunder:

1. **Position:** Employee’s initial position will be CEO of the Company, commencing from November 27, 2012, reporting to the Board of Directors. As customarily applicable for such position in any corporate entity, the Employee shall be fully responsible for the business operation of the Company, growth strategies, financial strategies and compliances and shall drive the business operations as per the directions and budgets approved by the Board from time to time.
2. **Restrictions on Outside Employment:** To avoid any conflict of interest and as a consideration of this Agreement, while employed by the Company the Employee shall not work for gain for another business or individual without the Company’s written permission. The employee shall not directly or indirectly control, influence, monitor the operations of any other entity or business, save and except with the permission of his interest in such an entity.
3. **Compensation :** Employee will receive the following initial compensation:

Employee’s Cost to Company (CTC) will be at a rate of Indian ₹ 85,000/- per month (Rupees Eighty Five Thousand per month) which will be paid in arrears monthly, subject to deductions required by law according to the Company’s normal payroll practices. This will be payable effective from November 27, 2012 and the Board will annually review the same for any increase based on business performance, overall industry standards, inflation in cost of living, etc.

Bonus and/ or Profit Sharing Plan for the Key Managerial Personnel

Our Company does not have any bonus and / or profit sharing plan for the key managerial personnel.

Contingent and Deferred Compensation payable to Key Managerial Personnel

None of our Key Managerial Personnel has received or is entitled to any contingent or deferred compensation.

Shareholding of the Key Managerial Personnel

None of our Key Managerial Personnel are holding any Equity Shares in our Company as on the date of the Draft Prospectus.

Interest of Key Managerial Personnel

None of our key managerial personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to our Company as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company.

Changes in our Company’s Key Managerial Personnel during the last three years

Following have been the changes in the Key Managerial Personnel during the last three years:

Sr. No.	Name	Date of Joining	Date of Leaving	Reason
1.	Vinay Poddar	November 27, 2012	--	Change in management Appointed as CEO
2.	Anil Karande	June 01, 2011	--	Appointment
3.	Roopchand Patel	July 01, 2011	--	Appointment

Scheme of Employee Stock Options or Employee Stock Purchase

Our Company does not have any Employee Stock Option Scheme or other similar scheme giving options in our Equity Shares to our employees.

Employees

As on July 9, 2013, our Company has 47 employees. For details of the Employees/ Manpower of our Company, please refer to the paragraph titled ‘*Manpower*’ under the chapter titled ‘*Our Business*’ beginning on page number 71 of the Draft Prospectus.

Loans to Key Managerial Personnel

There are no loans outstanding against the key managerial personnel as on the date of the Draft Prospectus.

Payment of Benefits to officers of our Company (non-salary related)

Except for the payment of salaries and perquisites and reimbursement of expenses incurred in the ordinary course of business, and the transactions as enumerated in the chapter titled “*Financial Information*” and the chapter titled “*Our Business*” beginning on pages 102 and 71 of the Draft Prospectus, we have not paid/ given any benefit to the officers of our Company, within the two preceding years nor do we intend to make such payment/ give such benefit to any officer as on the date of the Draft Prospectus.

Retirement Benefits

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters:

Our Company has been promoted by Santosh Kumar Pralhadrai Saraf and Shradha Animesh Gupta.

Brief profile of our Promoters is as under:



Santosh Kumar Pralhadrai Saraf, aged 58 years, is the Managing Director of our Company. He is a resident Indian national. He has completed his Bachelor of Commerce from Mumbai University. He has experience of over two decades in the Textile Industry and has been engaged in the business of trading in textiles. He became co-promoter of our Company so as to enter in the business of fabric manufacturing.

Passport No: F7796869

Driving License: 603432

Voters ID: Not available

PAN: ANCPS8260P

Address: 6/3 Bhagwati Apartments S.V. Road, Malad (West), Mumbai – 400 064.

For further details relating to **Santosh Kumar Saraf**, including terms of appointment as our Managing Director and other directorships, please refer to the chapter titled “*Our Management*” beginning on page number 83 of the Draft Prospectus.



Shradha Animesh Gupta, aged 32 years, is the promoter and a non-independent and non-executive Director of our Company. She is a resident Indian national and has completed her bachelors in Arts from University of Mumbai. She does not have any past experience of managing business. She alongwith Santosh Kumar Pralhadrai Saraf acquired our Company so as to enter in the business of textiles.

Passport No: J1739410

Driving License: MH02 20100143/31

Voters ID: GBV1642818

PAN: ADKPA2046D

Address: Gurukripa Bunglows, Dixit Road, Vile Parle (East), Mumbai – 400 057.

For further details relating to Shradha Gupta, please refer to the chapter titled “*Our Management*” beginning on page number 83 of the Draft Prospectus.

Declaration

Our Company confirms that the permanent account number, bank account number, driving licence number and passport number of our Promoters shall be submitted to the Stock Exchanges at the time of filing the Draft Prospectus with them.

Our Promoters and the members of our Promoter Group have not been debarred from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. None of our Promoters was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Further, neither our Promoters, the relatives of our Promoters (as defined under the Companies Act) nor our Group Companies have been declared as a willful defaulter by the RBI or any other government authority and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against him.

INTEREST OF PROMOTERS

Interest in promotion of our Company

Our Promoters are interested in the promotion of our Company in their capacity as a shareholder of our Company and influencing significant control over the management and policy decisions of our Company.

Interest in the property of our Company

Our Promoters do not have any interest in any property acquired by or proposed to be acquired by our Company two years prior to filing of the Draft Prospectus.

Interest as member of our Company

Santosh Kumar Saraf holds 15,00,000 Equity Shares and Shradha Gupta holds 15,00,000 Equity Shares aggregating to 20% each of pre-Issue Equity Share Capital in our Company and is therefore interested to the extent of their respective shareholding and the dividend declared, if any, by our Company. Except to the extent of their respective shareholding in our Company and benefits provided to Santosh Kumar Saraf and as given in the chapter titled “*Our Management*” beginning on page number 83 of the Draft Prospectus, our Promoters hold no other interest in our Company.

Interest as a creditor of our Company

As on the date of the Draft Prospectus our Company has not availed any secured loan from the Promoters of our Company.

Interest as Director of our Company

Except as stated in the “*Statement of Related Party Transactions*” beginning on page number 102 of the Draft Prospectus, our Promoters / Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or Committees thereof as well as to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of our AoA.

Interest in transactions involving acquisition of land

Our Promoters is not currently interested in any transaction with our Company involving acquisition of land, construction of building or supply of any machinery.

Other Ventures of our Promoters

Save and except as disclosed in the chapters titled ‘*Our Group Entities*’ beginning on page 98 of the Draft Prospectus, there are no other ventures of our Promoters in which they have business interests/other interests.

Related Party Transactions

For details of related party transactions entered into by our Company, please refer to “*Statement of Related Party Transactions*”, as Restated appearing as Annexure XV on page number 124 of the section titled “*Financial Information*” beginning on page number 102 of the Draft Prospectus.

Our Promoter Group:

Our Promoters and Promoter Group in terms of Regulation 2(1)(za) and 2(1)(zb) of the SEBI (ICDR) Regulations is as under:

i. Natural Persons who form part of our Promoter Group:

The following natural persons being the immediate relatives of our Promoters in terms of the SEBI (ICDR) Regulations form part of our Promoter Group:

Relationship	Santosh Kumar Pralhadrai Saraf	Shraddha Animesh Gupta
Father	Pralhadrai Shivdeo Saraf	Shyamlal Khamachandji Agarwal
Mother	Late Chandrakala Saraf	Asha Agarwal
Spouse	Swarnlata Santosh Saraf	Animesh Shiv Gupta
Brother	Arun Saraf	--
	Vimal Saraf	
Sister	Rekha Bhartiya	--
	Asha Bhartiya	
Son	Agam Saraf	--
Daughter	Seema Gupta	Anandita Gupta
	Megha Saraf	Priyanshi Gupta
	Payal Saraf	
	Suchi Saraf	
Spouse's Father	Late Banwarilal Gupta	Shiv Banwarilal Gupta
Spouse's Mother	Late Savitridevi Gupta	Urmila Shiv Gupta
Spouse's Brother	Mahesh Gupta	--
	Shiv Gupta	
	Ashok Gupta	
Spouse's Sister	Kalpana Gupta	Smriti Jhunjhunwala

ii. Entities forming part of the Promoter Group

i. Companies

- Shree Sati Plastic and Chemicals Private Limited

ii. Hindu Undivided Family

Sr. No.	Name of the HUFs	Karta
1.	Santosh Saraf HUF	Santosh Kumar Saraf

iii. Partnership Firms

Nil

iv. Proprietary Concerns

Nil

Relationship of Promoters with our Directors

None of our Promoters are related to any of our Company's Directors.

Changes in our Promoters

Our Company was originally promoted by Mr. Devanand Aswani, Mr. Shyam Chawla, Mr. Gulab R. Majithia and Mrs. Hansa P. Majithia. Our Company was then taken over by Vinay Poddar and Ashok Gupta and their family members in February 1991. The current promoters i.e. Santosh Kumar Pralhadrai Saraf and Shraddha Animesh Gupta took over our Company on July 31, 2012.

Companies / Firms from which the Promoters have disassociated himself in last 3 (three) years

There are no companies/firms from which our promoters have disassociated themselves in the past three (3) years.

OUR GROUP ENTITIES

As on the date of the Draft Prospectus, following entities that are promoted by our Promoters (including companies under the same management pursuant to Section 370 (1B) of the Companies Act) form part of our Group Entities and thus, are our Group Companies as defined under SEBI ICDR Regulations:

Sr. No.	Name of Group Entities
Companies	
1.	Shree Sati Plastic and Chemicals Private Limited
Partnership Firms	
	Nil
Proprietary Concern	
	Nil
H.U.F.s	
1.	Santosh Saraf (HUF)

1. Group Companies

Shree Sati Plastic & Chemicals Private Limited (SSPCPL)

Corporate Information

SSPCPL was incorporated on August 23, 1995 as a private limited company under the Companies Act and registered with the Registrar of Companies, Maharashtra, Mumbai. The CIN of SSPCPL is U25209MH1995PTC092089. The registered office of SSPCPL is situated at 3/211 Mittal Industrial Estate, M.V. Road, Andheri (East) Mumbai 400 059, while its factory is situated at: B-37, MIDC, Malegaon, Sinnar - 422 113 District Nashik, Maharashtra. SSPCPL is currently engaged in the business of manufacturing of chemicals and plastics.

Capital Structure and Shareholding Pattern

The authorized share capital of SSPCPL is ₹ 24,90,000 divided into 2,49,000 equity shares of ₹ 10 each and paid-up share capital of SSPCPL is ₹ 24,90,000 divided into 2,49,000 equity shares of ₹ 10 each. The shareholding pattern of SSPCPL is as follows:

Sr. No.	Name of Shareholders	Number of Shares	Percentage of shareholding
1.	Chandrakaladevi Prahldrai Saraf	46,700	18.76
2.	Ashish Vimal Saraf	4,000	17.67
3.	Arun Prahldrai Saraf	42,550	17.09
4.	Prahldrai Shivdeo Saraf	40,010	16.07
5.	Swarnlata Santosh Saraf	26,900	10.80
6.	Santosh Prahldrai Saraf	25,010	10.04
7.	Vimal Prahldrai Saraf	10,210	4.10
8.	Sarala Arun Saraf	7,000	2.81
9.	Veena Vimal Saraf	5,500	2.21
10.	Sonal Vimal Saraf	1,120	0.45
Total		2,49,000	100.00

Financial Information

(₹ in lacs, except per share data)

Particulars	For the year ended March 31		
	2010	2011	2012
Equity Capital (par value ₹ 10 per share)	24.90	24.90	24.90
Reserves and Surplus	36.51	36.65	19.77
Misc. expenditure to the extent not written off	-	-	-

Sales/ Income	209.59	227.56	255.92
Profit / (Loss) after tax	3.91	0.12	(16.83)
Earnings per share (₹)	1.57	0.05	(6.76)
Net Asset Value Per Share (₹)	24.66	24.72	17.94
Face value (₹)	10	10	10

SSPCPL is not a sick company within the meaning of the term as defined in the Sick Industrial Companies (Special Provisions) Act, 1985. SSPCPL is not under winding up nor has it received a notice for striking off its name from the relevant Registrar of Companies.

HUFs

Santosh Saraf HUF, Karta Santosh Kumar Saraf

Santosh Saraf HUF consists of Santosh Kumar Saraf as the Karta and is an HUF.

Financial Information

Particulars	For the period ended March 31		
	2010	2011	2012
Total Income	2.00	2.58	2.00
Profit	1.49	1.99	1.51
Capital A/c	3.14	3.54	5.39

(₹ in Lacs)

Companies / Firms from which the Promoters have disassociated themselves in last 3 (three) years

None of our Promoters have disassociated themselves from any of the companies, firms or other entities during the last three years preceding the date of the Draft Prospectus.

Negative Net Worth

None of our Group Entities have negative net worth as on the date of the Draft Prospectus.

Related Party Transactions and sales and purchases between our Company and Group Entities

Our Company has not acquired in the past two years before the date of the Draft Prospectus nor does it propose to acquire any properties from its Group Companies. For details of related party transactions entered into by our Company, please refer to “*Statement of Related Party Transactions*”, as Restated appearing as Annexure XV on page number 124 of the section titled “*Financial Information*” beginning on page number 102 of the Draft Prospectus.

Common Pursuits

The Promoters / any member of Promoter Group do not have interest in any venture that is involved in any activities similar to those conducted by our Company.

Other Confirmations

Business interest of Group Entities in our Company

Except as disclosed under “*Statement of Related Party Transactions*”, as Restated appearing as Annexure XV on page number 124 of the section titled “*Financial Information*” beginning on page number 102 of the Draft Prospectus and under the paragraph titled ‘*Other Agreements*’ under the chapter titled ‘*History and Certain Corporate Matters*’ beginning on page number 79 of the Draft Prospectus, none of our Group Entities / Subsidiary / associate companies have business interests in our Company.

Interest in sales and purchases

Except as disclosed under “*Statement of Related Party Transactions*”, as Restated appearing as Annexure XV on page number 124 of the section titled “*Financial Information*” beginning on page number 102 of the Draft

Prospectus, there have been no sales and purchases between us and our Group Entities, Subsidiary and associate companies, when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

Interest in promotion of our Company

None of our Group Entities were interested in the promotion of our Company.

Interest in the property of our Company

Our Group Entities do not have any interest in any property acquired by or proposed to be acquired by our Company two years prior to filing of the Draft Prospectus.

Interest in the transaction involving acquisition of land

None of our Group Entities were interested in any transaction with our Company involving acquisition of land, construction of building or supply of any machinery.

Further, our Group Entities have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or currently pending against them. None of our Group entities has been (i) prohibited from accessing the capital market under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

Litigation

For details relating to legal proceedings involving the Promoters and our Group Entities, please refer to the chapter titled ‘*Outstanding Litigations and Material Developments*’ beginning on page number 140 of the Draft Prospectus.

Payment or Benefit to our Group Entities

Except as stated in the “*Statement of Related Party Transactions*”, as Restated appearing as Annexure XV on page number 124 of the section titled “*Financial Information*” beginning on page number 102 of the Draft Prospectus, there has been no payment of benefits to our Group Entities during the two years prior to the filing of the Draft Prospectus.

DIVIDEND POLICY

Under the Companies Act, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the Annual General Meeting. The shareholders of our Company have the right to decrease not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

Our Company has no formal dividend policy. The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future. Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares. Our Company has not declared any dividends in last 5 fiscal years.

SECTION V – FINANCIAL INFORMATION

FINANCIAL INFORMATION

The Board of Directors

Subh Tex (India) Limited

18, Surti Chamber
2nd Dhobi Talao Lane
Mumbai - 400 002
Maharashtra

Subject: Financial Information of Subh Tex (India) Limited

Dear Sir,

We have examined the financial information of Subh Tex (India) Limited annexed to this report, initialled by us for identification, which has been prepared in accordance with the requirements of:

- I. Paragraph B, of Part II of Schedule II of the Companies Act, 1956 (the Act”), and the amendments thereof
- II. The Securities and Exchange Board of India (Issue of Capital & Disclosure Requirement Regulation) 2009 issued by the Securities and Exchange Board of India (“SEBI”) and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and
- III. Our engagement with the Company requesting us to examine the financial information referred to above and proposed to be included in the offer document of the Company in connection with its Proposed Issue.
- IV. In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of the Subh Tex (India) Limited, we, M/s. MNRD & 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.
- V. The Proposed public issue will be for a fresh issue by the company of 35,00,000 equity shares of ₹ 10 each, at such premium, as may be decided by the Board of Directors (referred to as ‘the issue’).
- VI. Financial Information of the Company

We have examined:

1. The attached summary statement of Restated Assets & Liabilities of the Company as at March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended January 31, 2013 as prepared by the company and approved by the Board of Directors. (Annexure - I).
2. The accompanying summary statement of Restated Profits & Losses of the Company for the financial years ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended January 31, 2013 as prepared by the Company and approved by the Board of Directors. (Annexure - II)
3. The accompanying summary statement of cash flow of the company for the financial year ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended January 31, 2013 as prepared by the Company and approved by the Board of Directors (Annexure - III)

These statements reflect the Assets and Liabilities and Profit and Losses for each of the relevant years as extracted from the balance sheet and profit and loss account for those years. These financial statements for all the years have been approved by the Board of Directors of the Company and adopted by the members of the Company for the respective years. The Restated financial statements have been made after making such adjustments and regroupings and after incorporating material amounts and auditor’s qualification requiring adjustments as in our opinion are appropriate and are described fully in the Notes appearing in Annexure - V to this report.

- VII. Based on our examination of these summary statements we confirm that the restated financial information has been made in accordance with the provisions of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations, and after incorporating:
- Adjustments suggested in paragraph 9 of sub-clause (B) of clause (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations,
 - The prior period items which are required to be adjusted are properly stated.
 - There are no extra-ordinary items that need to be disclosed separately in the accounts.
 - The accounting policies applied for each of the years ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended January 31, 2013 is materially consistent with the existing Accounting Standards. (Annexure - IV) except as stated otherwise in Annexure - XX
 - The Restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate in the year to which they are related as described in restated Financial Statement.
 - There was no qualification in the audit reports issued by the statutory auditors for the respective years which would require adjustment in these Restated Financial Statements
 - Other Financial information

We have also examined the following financial information relating to the Company prepared by the management and approved by the Board of Directors for the purpose of inclusion in the Offer Document:-

- Statement of Other Income as appearing in Annexure - VI to this report.
 - Statement of Accounting & Other Ratios as appearing in Annexure - VII to this report.
 - Statement of Capitalization of the company as appearing in Annexure - VIII to this report.
 - Statement of Tax Shelters as appearing in Annexure - IX to this report.
 - Statement of Long Term Borrowings as appearing in Annexure - X to this report.
 - Statement of Short Term Borrowings as appearing in Annexure - XI to this report.
 - Statement of Principal Terms of Secured and Unsecured Loans and Assets Charged as Security as appearing in Annexure - XII to this report
 - Statement of Trade Receivables as appearing in Annexure - XIII to this report.
 - Statement of Loans and Advances as appearing in Annexure - XIV to this report.
 - Statement of Related Party Transaction as appearing in Annexure - XV to this report.
 - Statement of Dividend paid as appearing in Annexure - XVI to this report
 - Statement of Investment as appearing Annexure - XVII to this report.
 - Details of Qualification in Auditors Report as Appearing in Annexure - XVIII to this report
 - Details of Changes in significant Policies as Appearing in Annexure - XIX to this report
- VIII. In our opinion, the above financial information of the Company read with Significant Accounting Policies & Notes to Accounts attached in Annexure - IV & V to this report, after making

adjustments and regrouping as considered appropriate has been prepared in accordance with Part II of the Schedule II of the Act and the SEBI (ICDR) Regulations issued by SEBI, as amended from time to time subject to and read with other notes.

- IX. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or other statutory auditor, nor should this report be construed as a new opinion on any of the financial statements referred therein.
- X. This report is intended solely for your information and for inclusion in the Offer document in connection with the issue of Equity shares of the Company and is not to be used, referred or distributed for any other purpose without our written consent.

Thanking you

For **MNRD & Associates**
Chartered Accountants
Firm Registration Number: 126991W

Narayan B Toshniwal
Partner
Membership No: 048334

Place: Mumbai

Date: July 09, 2013

Annexure - I

Statement of Assets and Liabilities (As Restated)

(₹ in Lacs)

Particulars	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Non-Current Assets						
a) Fixed Assets						
Tangible Assets	610.92	590.14	558.17	487.36	525.78	564.57
Capital Work -in-Progress	0.00	0.00	1.42	1.42	0.00	0.00
Total Fixed Assets (a)	610.92	590.14	559.59	488.78	525.78	564.57
b) Non Current Investments	22.12	22.12	422.12	422.12	722.12	722.12
c) Long Term Loans and Advances	281.10	85.83	62.84	64.08	51.07	41.91
d) Deferred Tax Asset	22.88	23.38	18.92	20.82	28.15	25.98
Total Non Current Assets	937.02	721.47	1,063.47	995.80	1,327.12	1,354.58
Current assets						
Current Investments	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	919.86	720.72	721.69	520.06	526.51	430.75
Trade Receivables	2,201.30	2,657.92	1,272.15	787.30	1,209.20	1,194.50
Cash and Cash Equivalents balances	25.78	18.56	35.96	21.22	23.50	2.15
Short Term Loans and advances	94.58	211.08	1,477.11	720.60	255.94	195.97
Other Current Assets	0.00	0.44	0.00	0.00	0.00	0.00
Total Current Assets	3,241.52	3,608.72	3,506.91	2,049.18	2,015.15	1,823.37
Total Assets	4,178.54	4,330.19	4,570.38	3,044.98	3,342.27	3,177.95
Non Current Liabilities						
Long Term Borrowings	173.05	160.40	1,193.71	263.41	354.59	664.39
Long term provisions	38.07	14.63	12.50	9.04	10.69	16.81
Deferred Tax Liability	0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	211.12	175.03	1,206.21	272.45	365.28	681.20
Current Liabilities						
Short Term Borrowings	754.58	710.31	727.08	504.29	363.95	0.21
Trade Payables	1,488.82	1,733.19	944.73	599.02	436.22	399.45
Other Current Liabilities	59.26	57.96	41.64	57.94	603.60	574.52
Short Term Provisions	21.31	28.29	66.60	61.85	49.39	44.90
Total Current Liabilities	2,323.97	2,529.75	1,780.05	1,223.10	1,453.16	1,019.08
Net worth	1,643.45	1,625.42	1,584.12	1,549.43	1,523.83	1,477.67
Represented by						
Share capital						
-Equity Share Capital	750.00	750.00	750.00	750.00	750.00	750.00
-Preference Share Capital	0.00	0.00	0.00	0.00	0.00	0.00
Total(a)	750.00	750.00	750.00	750.00	750.00	750.00

Reserves and surplus						
General Reserve	40.00	40.00	40.00	40.00	40.00	40.00
Capital Subsidy	9.76	9.76	9.76	9.76	9.76	9.76
P&L Account	843.70	825.67	784.36	749.67	724.07	679.93
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Total(b)	893.46	875.43	834.12	799.43	773.83	729.69
Less: Miscellaneous Expenditure	0.00	0.00	0.00	0.00	0.00	2.02
(To the extent not written off)						
Total(c)	0.00	0.00	0.00	0.00	0.00	2.02
Net Worth (a+b-c)	1,643.45	1,625.42	1,584.12	1,549.43	1,523.83	1,477.67

Annexure - II

Summary Statement of Profit and Loss, As Restated

(₹ in Lacs)

Particulars	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Income						
Sales of Products Manufactured by the Company	993.08	1,354.61	1,213.83	1,464.82	1,460.58	1,557.00
Sales of Products Traded by the Company	3,330.96	3,330.06	1,908.75	977.86	335.61	243.40
Export Sales	0.00	287.58	358.52	0.00	0.00	0.00
Less: Excise Duty	0.00	0.00	0.00	0.00	0.00	0.00
Net Sales	4,324.04	4,972.25	3,481.10	2,442.68	1,796.19	1,800.40
Other Income	2.41	35.38	49.54	9.58	26.71	12.38
Changes in inventories of finished goods, work-in-progress and Stock- in-trade	186.56	322.05	-107.92	86.64	72.72	84.58
Total Revenue	4,513.01	5,329.68	3,422.72	2,538.90	1,895.62	1,897.36
Expenditure						
Cost of Materials consumed	684.62	1,169.42	767.75	1,076.38	1,015.10	1,121.66
Purchase of Traded Goods	3,397.83	3,325.75	1,902.27	973.11	333.49	233.54
Employee Benefit Expenses	140.15	201.07	188.92	153.13	100.12	152.07
Other Manufacturing and Administrative Expenses	94.79	329.55	268.23	125.78	234.82	165.03
Total (B)	4,317.39	5,025.79	3,127.17	2,328.40	1,683.53	1,672.30
Profit Before Interest, Depreciation and Tax	195.62	303.89	295.55	210.50	212.09	225.06
Depreciation	46.43	63.56	61.91	47.71	53.73	66.84
Profit Before Interest and Tax	149.19	240.33	233.64	162.79	158.36	158.22
Financial Charges	125.93	194.47	188.59	122.12	112.19	82.66
Profit before Taxation	23.26	45.86	45.05	40.67	46.17	75.56
Provision for Taxation	7.28	9.00	8.47	7.75	3.80	9.00
Provision for Deferred Tax	-2.05	-4.46	1.90	7.33	-2.17	-19.63
Provision for FBT	0.00	0.00	0.00	0.00	0.40	0.70
Total	5.23	4.54	10.37	15.08	2.03	-9.93
Profit After Tax but Before Extra ordinary Items	18.03	41.32	34.68	25.59	44.14	85.49
Prior Period Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after adjustments	18.03	41.32	34.68	25.59	44.14	85.49

Annexure - III**Summary Statement of Cash Flow:***(₹ in Lacs)*

PARTICULARS	31-01-13	31-03-12	31-03-11	31-03-10	31-03-09	31-03-08
A. CASH FLOW FROM OPERATING ACTIVITIES						
Profit Before Tax	23.26	45.86	45.05	40.67	46.17	75.56
<i>Adjusted for :</i>						
a. Depreciation	46.43	63.56	61.91	47.71	53.73	66.84
b. Interest Expenses	125.93	194.47	188.59	122.12	112.19	82.66
c. Interest Income	-2.41	-11.61	-16.39	-9.58	-15.94	-9.68
Operating profit before working capital changes	193.21	292.28	279.16	200.92	196.15	215.38
<i>Adjusted for :</i>						
a. Decrease /(Increase) in Inventories	-199.14	0.97	-201.63	6.45	-95.76	-154.01
b. Decrease / (Increase) in trade receivable	456.62	-1,385.77	-484.85	421.90	-14.70	-14.80
c. (Increase) / Decrease in short term loans and advances	119.06	1,266.03	-756.51	-464.66	-59.97	144.45
d. (Increase) / Decrease in Other Current Assets	0.44	-0.44	0.00	0.00	0.00	0.00
e. (Increase) / Decrease in Long term loans and advances	-195.27	-22.99	1.24	-13.01	-9.16	-17.69
f. Increase / (Decrease) in Trade Payables	-244.37	788.46	345.71	162.80	36.77	-220.58
g. Increase / (Decrease) in short term provisions	-6.98	-38.31	4.75	12.46	4.49	9.81
h. Increase / (Decrease) in other current liabilities	1.30	16.31	-16.30	-545.66	29.08	573.08
i. Increase / (Decrease) in Long Term Provisions	23.44	2.13	3.46	-1.65	-6.12	2.31
		-	-		-	
Cash generated from operations	148.31	918.65	-824.96	-220.45	80.78	537.95
Income Tax Adjustment	7.28	9.00	8.47	7.75	4.20	9.70
NET CASH GENERATED FROM OPERATION	141.03	909.65	-833.43	-228.20	76.58	528.25
B. CASH FLOW FROM INVESTING ACTIVITIES						
a. Purchase of Fixed Assets	-67.21	-94.11	-132.72	-9.28	-14.94	83.24
b. Sale of Fixed Assets				-1.42		
c.(Purchase) / Sale of non-current investment	0.00	400.00	0.00	300.00	0.00	-707.00
(Increase) in Misc. Expenses	0.00	0.00	0.00	0.00	2.02	2.01
e. Interest received	2.41	11.61	16.39	9.58	15.94	9.68
f. Dividend Income		-	-	-	-	-
Net cash (used) in investing activities	-64.80	317.50	-116.33	298.88	3.02	-612.07
C. CASH FLOW FROM FINANCING ACTIVITIES						

a. Interest Paid	-125.93	-194.47	-188.59	-122.12	-112.19	-82.66
b. Proceeds from share issued		-	-	-	-	-
c. (Repayments) / proceeds of long term borrowings	12.65	-1,033.31	930.30	-91.18	-309.80	664.39
d. (Repayments) / proceeds of short term borrowings	44.27	-16.77	222.79	140.34	363.74	-502.78
Net cash generated/(used) in financing activities	-69.01	-1,244.55	964.50	-72.96	-58.25	78.95
Net Increase / (Decrease) in cash and cash equivalents	7.22	-17.40	14.74	-2.28	21.35	-4.87
Cash and cash equivalents at the beginning of the year	18.56	35.96	21.22	23.50	2.15	7.02
Cash and cash equivalents at the end of the year	25.78	18.56	35.96	21.22	23.50	2.15

Notes:

3. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 'Cash Flow Statement'.
4. Previous year's figures have been regrouped / rearranged /recasted wherever necessary to make them comparable with those of current year.

Annexure - IV

1) SIGNIFICANT ACCOUNTING POLICIES -

A) SYSTEM OF ACCOUNTING

The Company follows mercantile system of accounting and recognize income and expenditure on accrued bases. The accounts are prepared in accordance with accounting standards prescribed by the Institute of Chartered Accountants of India and provisions of Companies Act 1956 except that no write off has been made in respect of premium paid for leasehold land.

B) FIXED ASSETS

Fixed Assets are stated at cost of Acquisition and pre-operative expenses capitalized less Depreciation.

C) DEPRECIATION

Depreciation has been provided on straight-line method at the rates provided in Schedule XIV of the Companies Act 1956. The Depreciation on assets added during the year has been provided on pro-rata basis with reference to the data on which the assets were put to use. No Depreciation has been provided on the Fixed Assets which have not been put to use during the year.

D) EXPENDITURE DURING CONSTRUCTION

Expenditure during construction period is being included under capital work in progress and the same is allocated to Fixed Assets on completion of installation/construction

E) INVESTMENTS

Long Term Investments are valued at cost after appropriate adjustment if any for diminution in their value which is other than temporary in nature.

F) INVENTORIES

- a) Raw materials, consumable stores are valued at cost or net realizable value whichever is lower. The cost is determined on the basis of first in first out method.
- b) Work-in-progress and finished goods are valued at lower of cost or net realizable value.
- c) Work-in-progress and finished goods include cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

G) FOREIGN CURRENCY TRANSACTION

During the year, the foreign currency transactions relating to sales & purchase are translated at the rates prevailing at the time of settlement of the transactions. Amounts remaining unsettled of these transactions at the Balance Sheet date are translated at the rates prevailing at the end of the accounting year. The net gain/loss arising from such transactions are charged to relevant heads in Profit & Loss Account.

H) EMPLOYEES BENEFITS

b) Short Term Employees Benefits -

All employee benefits payable within twelve months of rendering service are recognized in the period in which the employee renders the related service.

b) Post Employment / Retirement Benefits

Contribution to Defined Contribution Plans such as Provident Fund etc., are charged to the profit and loss account.

c) Gratuity

Liability towards gratuity, covering eligible employees, is provided and funded on the basis of year end actuarial valuation.

I) BORROWING COST

Interest and other costs in connection with the borrowing of funds are capitalized up to the date when such qualifying assets are ready for its intended use and other borrowing costs are charged to profit & loss account.

J) IMPAIRMENT OF FIXED ASSETS

When the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

K) CONTINGENT LIABILITIES

Contingent Liabilities are not provided but are disclosed in the notes.

L) TAXATION

Provision for current tax has been made on the basis of estimated total income computed in accordance with provisions of Income Tax Act 1961.

Deferred Tax is provided using the liability method in respect of taxation effect arising from material timing difference between the accounting and tax treatment of income and Expenditure based on tax rates enacted.

M) L) EARNING PER SHARE

Basic earnings per share are calculated by dividing the net Profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to equity shareholders by the weighted number of equity shares outstanding during the year (adjusted for the effects of dilutive options).

Annexure - V**NOTES TO RESTATED ACCOUNTS****1. GRATUITY**

The Company started providing for gratuity liability from the F.Y. 2012 on the basis of actuary valuation. During the F.Y. 2012 provision for gratuity liability was made for the gratuity liability accrued up to 31.03.2011. For the purpose of restatement, gratuity liability was apportioned in previous years as under:

Balance Sheet:

<i>Gratuity</i>	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<i>Balance Sheet</i>						
Current Provisions		1.34	1.82	0.48	0.57	0.86
Non Current Provisions		6.53	4.67	4.29	5.15	4.05
Total	6.71	7.87	6.49	4.77	5.72	4.91
<i>Profit & Loss Account</i>						
P&L Adjustment	-1.16	1.37	1.73	-0.95	0.80	4.91

2. Leave Encashment

The Company started providing for gratuity liability from the F.Y. 2012 on the basis of actuary valuation. During the F.Y. 2012 provision for gratuity liability was made for the gratuity liability accrued up to 31.03.2011. For the purpose of restatement, gratuity liability was apportioned in previous years as under:

<i>Leave Encashment</i>	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<i>Balance Sheet</i>						
BS – Current	7.72	4.88	8.11	4.27	3.89	3.48
Non Current	11.58	5.97	4.37	6.40	11.66	10.45
Total	19.30	10.85	12.48	10.67	15.55	13.93
<i>Profit & Loss Account</i>						
P&L Adjustment	8.44	-1.63	1.81	-4.88	1.62	13.93

3. Inter Unit Transactions

The Profit and Loss Accounts and Balance Sheets of certain years included certain inter unit transactions. These transactions are contra in nature and did not impacted, Profit or loss / Net worth. However for the purpose of restatement these inter unit transactions as detailed below have been eliminated:

<i>Inter Unit Balances</i>	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
<i>Balance Sheet Adjustment</i>						
Other Current Liabilities	(142.66)	(81.95)		(54.40)		
Loans and Advances	(142.66)					
Debtors		(81.95)		(54.40)		
<i>P&L Adjustments</i>						
Income - Job Charges Received	(108.29)	(107.45)	(52.03)		(93.53)	(92.04)
Expenses - Manufacturing Exp	(108.29)	(107.45)	(52.03)		(93.53)	(92.04)

4. Deferred Tax Adjustment

The company had not provided/ wrongly provided for Deferred Tax during FY 2009 to FY 2012. The same has now been rectified and provided for the purpose of restatement as under:

Particulars	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08	31.03.07
Deferred Tax Adjustment	(4.46)	1.90	7.33	(2.17)	(19.63)	(3.34)

5. The prior period items including income tax which are required to be adjusted have been adjusted in the years to which it relates.
6. Other figures of the previous years have been regrouped / reclassified and / or rearranged wherever necessary.
7. Contingent Liabilities and Commitments

Sr. No.	Statute under which the dues are outstanding	Nature of dues	Relevant Period	Forum where the dispute is pending	Amount Involved (Lacs)
1.	The Central Excise Act, 1944	Duty & Penalty	1997	Customs , Excise & Service Tax Appellate Tribunal, West Zone, Ahmedabad	285.94
2.	The Income Tax Act , 1961	Penalty by Income Tax Officer	A .Y. 2008-2009	Commissioner of Income Tax (Appeal)	3.84
3.	The Income Tax Act , 1961	Penalty by Addl. CIT (TDS) Range -3	A .Y. 2008-2009	Commissioner of Income Tax (Appeal)	0.06
4.	The Income Tax Act , 1961	Income Tax Demand	A .Y. 2008-2009	Income Tax Appellate Tribunal	57.58
5.	The Income Tax Act , 1961	Income Tax Demand	A .Y. 2009-2010	Income Tax Appellate Tribunal	27.83
Total					375.27

8. Earnings Per Share

	Period ended January 31, 2012	March 31, 2012
Net Profit for the year attributable to the Ordinary Shareholders (₹ Lacs)	18.03	41.32
Weighted average number of Equity Shares of ₹ 10/- each	75,00,000	75,00,000
Basic and Diluted Earnings per Equity Share of ₹ 10/- each (₹)	0.24	0.55

9. The balance of Sundry Creditors, Sundry Debtors, Loans Advances, are subject to confirmation and reconciliation.
10. The Company operates in a single business segment viz. 'textiles' and therefore in the context of Accounting Standard No. 17, disclosure of segment wise information is not applicable.
11. The Company does not possess information as to which of its supplier are Micro small and Medium Enterprise registered under The Micro small and Medium Enterprise Development Act 2006. Consequently the liability, if any, of interest which would be payable under The Micro small and Medium Enterprise Development Act 2006, cannot be ascertained. However, the Company has not received any claims in respect of such interest and as such, no provision has been made on the books of accounts.

12. In the opinion of the Board of Directors, the current assets and loans and advances have value on realization at least equal to the amount at which they are stated in the Balance Sheet and provision for all known and determined liabilities is adequate and not in excess of amount reasonably required.

13. Previous year figures are regrouped wherever necessary.

14. **Authorised and Paid Up Capital**

The Company has an Authorised Share Capital of ₹ 20,00,00,000 (divided in to 2,00,00,000 Equity Shares of ₹ 10/- each) and Paid Up Share Capital of ₹ 7,50,00,000 (divided in to 75,00,000 Equity Shares of ₹ 10/- each fully paid up).

Annexure - VI**Statement of Other Income***(₹ in Lacs)*

Particulars	Recurring / Non Recurring	As at					
		31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Interest Received	Yes	2.41	11.61	16.39	9.58	15.94	9.68
Rent Received	No					1.80	
Others	No					8.96	
Sales Tax Refund	No						2.70
Export Incentives	No			32.98			
Foreign Currency Fluctuations	Yes		23.77	0.17			
Total		2.41	35.38	49.54	9.58	26.71	12.38

Annexure - VII**Statement of Accounting and Other Ratios***(₹ in Lacs)*

Particulars	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Net Profit as restated (₹ in Lacs)	18.03	41.32	34.68	25.59	44.14	85.49
Net Worth (₹ in Lacs)	1,643.45	1,625.42	1,584.12	1,549.43	1,523.83	1,477.67
Return on Net worth (%)	1.10%	2.54%	2.19%	1.65%	2.90%	5.79%
Equity Share at the end of year (in Nos.)	7,500,000	75,00,000	75,00,000	75,00,000	75,00,000	75,00,000
(Face Value ₹ 10)	10.00	10.00	10.00	10.00	10.00	10
Weighted No of Equity Shares	7,500,000	75,00,000	75,00,000	75,00,000	75,00,000	75,00,000
Basic & Diluted Earnings per Equity Share	0.24	0.55	0.46	0.34	0.59	1.14
Net Asset Value/Book Value per Equity share (Based on no of share at the end of year)	21.91	21.67	21.12	20.66	20.32	19.70

Note:-

1. Earnings per share (₹) = Profit available to equity shareholders / Weighted No. of shares outstanding at the end of the year
2. Return on Net worth (%) = Restated Profit after taxation / Net worth x 100
3. Net asset value/Book value per share (₹) = Net worth / No. of equity shares
4. The Company does not have any revaluation reserves or extra-ordinary items.

Annexure - VIII**Statement of Capitalization:***(₹ In Lacs)*

Particulars	Pre Issue		Post Issue*
	As at 31.01.2013	As at 31.03.2012	
Debt :			
Short term debt	754.58	710.31	754.58
Long term debt	173.05	160.40	173.05
Total Debt	927.63	870.71	927.63
Shareholder's Funds			
Equity Share Capital	750.00	750.00	1,100.00
Reserves and Surplus	893.46	875.43	893.46
Less: Misc. Expenditure	0.00	0.00	0.00
Total Shareholders' Funds	1,643.45	1,625.43	1,993.46
Long Term Debt/ Shareholders' Funds	0.11	0.10	0.09
Total Debt / Shareholders Fund	0.56	0.54	0.47

* Based on assumption that issue will be fully subscribed.

Annexure - IX**STATEMENT OF TAX SHELTERS***(₹ In Lacs)*

Particulars	As At					
	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Profit Before Tax as per books of accounts	13.28	47.60	45.68	44.21	40.34	77.98
Tax rate						
-- Normal Tax rate	30.90%	30.90%	30.90%	30.90%	30.90%	30.90%
-- Minimum Alternative Tax rate	19.06%	19.06%	18.54%	15.45%	10.30%	10.30%
Notional Tax at normal rates	7.19	14.71	14.12	13.66	12.47	24.10
Total Tax (A)	7.19	14.71	14.12	13.66	12.47	24.10
Permanent differences						
Other adjustments	0	-8.47	-14.00	-14.36	-40.66	37.37
Disallowances	4.14	5.88	0.77	0.47	0.46	-124.55
Total (B)	4.14	-2.59	-13.23	-13.89	-40.20	-87.18
Timing Differences						
Depreciation as per Books	46.43	63.56	61.91	47.71	53.73	66.84
Depreciation as per Income Tax	41.20	48.69	54.28	38.73	43.21	46.46
Difference between tax depreciation and book depreciation	5.23	14.87	7.63	8.98	10.52	20.38
Total (C)	5.23	14.87	7.63	8.98	10.52	20.38
Net Adjustments (B+C)	9.37	12.28	-5.60	-4.91	-29.68	-66.80
Tax expense/(savings) thereon (D)	2.90	3.79	-1.73	-1.52	-9.17	-20.64
Total Taxation (E = A+D)	10.08	18.50	12.38	12.14	3.29	3.45
Brought forward losses set off (Depreciation)	0	0	0	0	0	0
Tax effect on the above (F)	0	0	0	0	0	0
Net tax for the year/period (E+F)	10.08	18.50	12.38	12.14	3.29	3.45
MAT Credit Utilised	2.88	9.99	3.80	5.16	0.00	0.00
Tax Payable for the year	7.20	8.51	8.58	6.98	3.29	3.45
Tax payable as per MAT	4.43	9.07	8.47	6.83	4.16	8.03
Tax expense recognised	7.28	9.00	8.47	7.75	4.20	9.70

Tax payable as per computation made for provision for tax.

Annexure - X

Statement of Long Term Borrowings

(₹ in Lacs)

Particulars	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Secured Long Term Borrowings						
Term Loan From Banks						
Citi Bank						13.61
Corporation Bank	51.02	69.85	113.95			
Cholamandlam DBS			1.40	1.89	7.60	
Kotak Bank			35.44	53.67		
Citi Bank	17.09	36.85			11.95	
Kotak Mahindra Bank				1.71	10.67	
Barclays Bank				3.40	18.08	
Reliance Capital				4.91	17.72	
Car Loans						
HDFC Bank						0.41
ICICI Bank						0.37
Tata Capital	18.63	7.00	17.46			
Kotak Bank Car 1		0.07	1.41	6.28		
Kotak Bank Car 2		0.00	1.72			
Corporation Bank	22.37	24.45				
Sub-Total	109.11	138.22	171.38	71.86	66.02	14.39
Unsecured Long Term Borrowings						
From Related Parties/ Shareholders	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Akshat Gupta	45.00					
Ankush Gupta	4.80					
Simmi Poddar						0.11
Balkishan Poddar	9.92					0.15
Swati Enterprises					0.99	0.50
Vinay Poddar	2.22					0.69
Ani Anu Developers Private Limited			779.85			
Ashok Gupta HUF					6.54	6.75
Ashok Gupta				14.68	14.87	16.87
Lata Gupta			24.50	24.50	24.50	52.00
Urmila Gupta			3.47			
Subhlene Fabrics			155.16	39.83	237.17	568.43
Samarpan Textiles				29.95		
Shristi Textiles				23.70		
Swati Enterprises				7.55		
Santosh Saraf	0.50					
Shradha Gupta	0.50					
Mahanagar Trading Company Private Limited			48.15	40.15		
Total - Related Parties	62.94	0.00	1,011.13	180.36	284.07	645.50
From Others						
Nikhil Vinod Bubna					4.50	4.50
Amber Industries	1.00	1.00	1.00	1.00		

Cello Trading Company		5.00	5.00	5.00		
Mudra Life Style Limited			5.00	5.00		
Akhil Kumar & Co.		9.64				
M. Ramniklal & Co.						
NC Silk Mills		6.33				
Pacific Silk Mills Private Limited		0.01				
Awadh Kishore Sharma		0.20	0.20	0.20		
Total - Others	1.00	22.18	11.20	11.20	4.50	4.50
Grand Total	173.05	160.40	1,193.71	263.41	354.59	664.39

Curent Maturities of Long Term Debt included under Other Current Liabilities*(₹ in Lacs)*

Particulars	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Secured Loans						
Term Loans						
Citi Bank						9.87
Corporation Bank	24.86	25.02	6.25			
Cholamandlam DBS				6.43	7.79	
Kotak Bank			1.08	4.39	4.66	
Kotak Bank			19.56	6.39		
Citi Bank	10.22	16.28			7.79	
Barclays Bank				11.27	8.20	
Reliance Capital			3.17	9.50	6.14	
Others	7.77					
Car loans						
ICICI Bank Car Loan						0.17
HDFC Car Loan						0.09
Tata Capital	8.09	9.16	7.84			
Kotak Bank Car 1	0.25	1.44	1.33	0.57		
Kotak Bank Car 2	0.13	1.29	2.41			
Corporation Bank	7.94	4.79				
	59.26	57.98	41.64	38.55	34.58	10.13

Annexure - XI**Statement of Short Term Borrowings***(₹ in Lacs)*

Particulars	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Secured						
Corporation Bank - CC	754.58	710.31	713.62	504.29	363.95	
Canara Bank (Over Draft)						0.21
Corporation Bank - Temporary O/d			13.46			
Total	754.58	710.31	727.08	504.29	363.95	0.21

Annexure - XII**Statement of Principal Terms of Secured and Unsecured Loans and Assets Charged as Security:****Secured Borrowings:**

Sr. No.	Name of the Lender	Facility/Sanctioned Amount	Amount Outstanding (as on 31.01.2013) ₹ Lacs	Interest Rate	Repayment Schedule	Security
1	Corporation Bank	Cash Credit - Rs. 800 Lacs	754.58	13.75% p.a.	Repayable on demand subject to annual renewal	First Charge on inventory cum book debts / current assets
2	Corporation Bank	Term Loan - Rs. 125 Lacs	51.02	12.75% p.a.	60 Monthly instalments of Rs. 208500 and last instalment of Rs. 198500/ Interest to be paid separately as and when due	First Charge on Plant and Machinery and other Moveable assets
3	Citi Bank	Loan	17.09	12% p.a.	120 equated monthly instalments of Rs. 286942 each	Secured by way of charge on the property financed viz. Flat No. A/6, Sunita Apts, 62CC, Peddar Road, Mumbai - 400036
4	Tata Capital Limited	Car Loan - Rs. 28.00 Lacs	18.63		36 monthly instalments of Rs. 89,600 each	Hypothecation of car for which loan was availed
5	Corporation Bank	Car Loan - Rs. 30 Lacs	22.37	11.75% p.a.	60 equated monthly instalments of Rs. 66,355 each	Hypothecation of car for which loan was availed
6	Kotak Bank	Car Loan 1	0.25		36 monthly instalments of Rs. 24525 each	Hypothecation of car for which loan was availed
7	Kotak Bank	Car Loan 2	0.13		35 monthly instalments of Rs. 13440 each	Hypothecation of car for which loan was availed

Unsecured Borrowings

All the unsecured loans are interest free unsecured borrowings which are repayable on demand and there is no fixed repayment schedule.

Annexure - XIII**Statement of Trade Receivables:**

(₹ in Lacs)

Particulars	As at					
	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Debts due for the period exceeding 6 months	1305.17	1158.54	403.45	264.10	596.95	408.22
Other Debts	896.13	1499.38	868.70	523.20	666.65	786.28
Total	2201.30	2657.92	1,272.15	787.30	1,263.60	1,194.50
<i>Debtors include following related parties:</i>						
Samarpan Textiles Private Limited	0.00	199.18	121.87	0.00	0.00	0.00
Swati Enterprises	0.00	0.00	0.00	0.00	184.45	141.50
Shushanku Enterprises Limited	0.00	0.00	0.00	0.00	258.32	285.19
Santowin Corporation Limited	293.77	953.70	576.49	0.00	0.00	0.00
SVC Resources Limited (formerly Pace Textiles & Electronics Limited)	0.00	0.00	0.00	243.35	83.23	83.23
Hetali Construction Company	0.00	0.00	0.00	0.00	297.74	297.74

Annexure - XIV**Statement of Loans & Advances:**

(₹ in Lacs)

Particulars	As at					
	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Long Term						
Income Tax	25.20	12.49	62.84	64.08	51.07	41.91
Deposits	82.37	66.50				
Loan Given	170.13	2.94				
Other Advances	3.40	3.90				
Total	281.10	85.83	62.84	64.08	51.07	41.91
Short Term						
Advances recoverable in Cash or in Kind		203.24	1403.17	720.60	255.93	192.24
TDS		1.72	1.39			
Deposits		6.12	72.55			
Cenvat						3.73
Loan Given	94.58					
Total	94.58	211.08	1477.11	720.6	255.93	195.97
<i>The Short Term Loans & Advances include the following related parties</i>						
Ankush Gupta	0.00	0.00	0.00	2.00	2.00	0.00
Balkishan Poddar	0.00	0.21	34.77	43.01	3.87	0.00
Gupta Family Trust	0.00	0.00	43.46	63.91	0.20	0.00

Initio Educational Planners Private Limited	0.00	0.00	16.00	20.00	20.00	0.00
Naaz Trading and Finance Co. Ltd.	0.00	0.00	14.44	14.44	3.32	0.00
Shiv Gupta	0.00	0.00	1.42	1.42	1.42	0.00
Simmi Poddar	-5.68	0.71	19.53	11.61	1.20	0.00
Shree Krishna Enterprises	0.00	0.00	14.40	11.90	11.90	0.00
Shushanku Enterprises Limited	0.08	0.00	397.16	23.13	0.31	0.00
Sushma Gupta	0.15	0.00	0.00	6.90	6.90	0.00
Vinay Poddar	0.00	0.79	20.52	17.48	6.88	0.00
Samarpan Textiles Private Limited	-0.49	0.00	0.00	0.00	19.00	19.00
Vigyapan Technologies Private Limited	3.61	0.00	0.00	1.00	1.00	0.00
Ashok Gupta HUF	0.00	0.00	0.00	5.34	0.00	0.00
Ashok Gupta	26.05	0.00	0.00	0.00	0.00	0.00
Subhlene Fabrics	0.00	0.00	0.00	0.00	0.00	0.00
Ani Anu Developers Private Limited	19.26	0.00	0.00	23.00	0.00	0.00
Power House Fitness Private Limited	42.52	0.00	0.00	1.20	0.00	0.00
SVC Resources Limited	0.00	1.80	783.31	446.54	171.59	166.74
Shri Balaji International School	2.30	0.00	6.20	0.00	0.00	0.00
Santowin Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00
Total	271.53	3.51	1,351.21	692.88	249.59	185.74

Annexure - XV**Related party disclosure in accordance with AS - 18**

The company has entered into following related party transactions during financial year ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended January 31, 2013. Such parties and transactions are identified as per accounting standard 18 issued by Institute of Chartered Accountants of India.

Current List of Related Parties

Sr. No.	Name of the Promoters	Relationship
1.	Mr. Santosh Saraf	Promoter
2.	Mrs. Shraddha Gupta	Promoter

Sr. No.	Santosh Kumar Pralhadrai Saraf	Shraddha Animesh Gupta	Relationship
1.	Pralhadrai Shivdeo Saraf	Shyamlal Khamachandji Agarwal	Father
2.	Late Chandrakala Saraf	Asha Agarwal	Mother
3.	Swarnlata Santosh Saraf	Animesh Shiv Gupta	Spouse
4.	Arun Saraf	--	Brother
5.	Vimal Saraf		
6.	Rekha Bhartiya	--	Sister
7.	Asha Bhartiya		
8.	Agam Saraf	--	Son
9.	Seema Gupta	Anandita Gupta	Daughter
10.	Megha Saraf	Priyanshi Gupta	
11.	Payal Saraf		
12.	Suchi Saraf		

Sr. No.	Name of the Company	Relationship
1.	Shree Sati Plastic and Chemicals Private Limited	Promoter Group
2.	Santosh Kumar Saraf HUF	Promoter Group

List of Related Parties Applicable prior to change in Management on July 31, 2012

Sr. No.	Name of the Party	Relationship
1.	Vinay Poddar	Ex. Director
2.	Simmi Poddar	Ex. Director
3.	Balkishan Poddar	Ex. Director
4.	Ashok Gupta	Ex. Director
5.	Ankush Gupta	Ex. Director
6.	Akshat Gupta	Relative of Director
7.	Shushma Gupta	Relative of Director
8.	Shiv Gupta	Relative of Director
9.	Mahesh Gupta	Relative of Director
10.	Ashok Gupta HUF	Entity Related to Ex. Directors
11.	Bee Gee Leasing & Investment Private Limited	Entity Related to Ex. Directors
12.	Mahanagar Trading Company Private Limited	Entity Related to Ex. Directors
13.	Naaz Trading & Finance Limited	Entity Related to Ex. Directors
14.	Samarpan Textiles Private Limited	Entity Related to Ex. Directors

15.	Santowin Corporation Limited	Entity Related to Ex. Directors
16.	Shree Krishna Enterprises	Entity Related to Ex. Directors
17.	Shre Shivam Complex	Entity Related to Ex. Directors
18.	Shristi Textiles	Entity Related to Ex. Directors
19.	Shushanku Enterprises Limited	Entity Related to Ex. Directors
20.	SVC Resources Limited (Pace Textiles Limited/ Pace Textiles & Electronics Limited)	Entity Related to Ex. Directors
21.	Swati Enterprises	Entity Related to Ex. Directors
22.	Hetali Construction Company	Entity Related to Ex. Directors
23.	Subhlene Fabrics	Entity Related to Ex. Directors
24.	Gupta Family Trust	Entity Related to Ex. Directors
25.	Initio Educational Planners Private Limited	Entity Related to Ex. Directors
26.	Vigyapan Technologies Private Limited	Entity Related to Ex. Directors
27.	Ani Anu Developers Private Limited	Entity Related to Ex. Directors
28.	Power House Fitness Private Limited	Entity Related to Ex. Directors
29.	Shri Balaji International School	Entity Related to Ex. Directors

(₹ In lacs)

Particulars	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Purchase of Goods						
Samarpan Textiles Private Limited	118.52	0.00	149.35	228.46	0.00	0.00
Shristi Textiles	40.89	56.53	66.30	184.34	0.00	0.00
Shushanku Enterprises Limited	884.59	490.69	86.97	0.00	0.00	0.00
Mahanagar Trading Company Private Limited	0.00	52.52	0.00	0.00	0.00	0.00
Naaz Trading & Finance Limited	0.00	400.01	0.00	0.00	0.00	0.00
Bee Gee Leasing & Investment Private Limited	0.00	57.52	0.00	0.00	0.00	0.00
Santowin Corporation Limited	0.00	215.91	0.00	0.00	0.00	0.00
Subhlene Fabrics	0.00	0.00	269.68	253.06	0.00	233.54
Sale of Goods						
Samarpan Textiles Private Limited	83.33	150.57	130.87	0.00	0.00	0.00
Swati Enterprises		0.00	0.00	57.15	185.19	176.75
Shushanku Enterprises Limited	299.78	0.00	0.00	159.53	568.84	785.11
Santowin Corporation Limited	236.05	814.49	576.49	0.00	0.00	0.00
SVC Resources Limited (formerly Pace Textiles & Electronics Limited)	0.00	0.00	0.00	751.10	0.00	243.40
Subhlene Fabrics	0.00	29.44	35.07	161.94	1.03	0.00
Outstanding Balance Payable in respect	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Of goods & services purchased						
SVC Resources Limited (formerly Pace Textiles & Electronics Limited)	0.00	0.00	0.00	0.00	0.00	31.96
Shristi Textiles	0.00	-18.48	0.00	0.00	0.00	0.00
Bee Gee Leasing & Investment Private Limited	57.52	57.52	0.00	0.00	0.00	0.00

Mahanagar Trading Company Private Limited	11.17	52.52	0.00	0.00	0.00	0.00
Shushanku Enterprises Limited	7.90					
Outstanding Balance Receivable in respect	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Of Sales						
Samarpan Textiles Private Limited	0.00	199.18	121.87	0.00	0.00	0.00
Swati Enterprises	0.00	0.00	0.00	0.00	184.45	141.50
Shushanku Enterprises Limited	0.00	0.00	0.00	0.00	258.32	285.19
Santowin Corporation Limited	293.77	953.70	576.49	0.00	0.00	0.00
SVC Resources Limited (formerly Pace Textiles & Electronics Limited)	0.00	0.00	0.00	243.35	83.23	83.23
Hetali Construction Company	0.00	0.00	0.00	0.00	297.74	297.74
Remuneration Paid						
Vinay Poddar	8.38	9.72	9.50	9.50	19.20	18.40
Simmi Poddar	2.25	9.00	9.00	9.00	18.00	15.60
Balkishan Poddar	1.13	4.50	4.50	4.50	9.00	13.20
Santosh Kumar Saraf	0.50					
Shradhha Gupta	0.50					
Loans & Advances						
Given						
Ankush Gupta	44.00	1.00			2.00	
Balkishan Poddar	0.00	5.42	12.29	39.15	8.96	
Gupta Family Trust	0.00	1.05	2.22	64.21	0.45	
Initio Educational Planners Private Limited	0.00				20.00	
Naaz Trading and Finance Co. Ltd.	0.00			676.14	43.57	
Shiv Gupta					1.42	
Simmi Poddar	3.62	12.76	22.95	10.45		
Shree Krishna Enterprises			2.50		11.90	6.90
Shushanku Enterprises Limited	901.52	62.81	579.90	124.94	201.30	22.81
Sushma Gupta	0.15	26.05	15.00		6.90	
Swati Enterprises						
Vinay Poddar	8.36	22.08	18.57	10.63	8.96	16.56
Samarpan Textiles Private Limited	113.00				0.00	
Vigyapan Technologies Private Limited	3.61				1.00	
Ashok Gupta HUF						
Ashok Gupta	26.05					
Subhlene Fabrics	87.05					
Ani Anu Developers Private Limited	79.26			23.00		
Power House Fitness Private Limited	42.52			1.20		
SVC Resources Limited	1.80	3.29	1,039.03	390.12	31.27	0.55
Shri Balaji International School	2.30	21.00	6.20			
Santowin Corporation Limited	124.66	357.58				
Akshat Gupta	2.00					

Received Back						
Ankush Gupta	48.80	1.00	2.00		0.00	
Balkishan Poddar	10.13	39.98	20.53	0.01	4.94	
Gupta Family Trust		44.51	22.67	0.50	0.25	
Initio Educational Planners Private Limited		16.00	4.00		0.00	
Naaz Trading and Finance Co. Ltd.		14.44		665.02	40.25	
Shiv Gupta		1.42			0.00	
Simmi Poddar	10.01	31.58	15.03	0.04		
Shree Krishna Enterprises		14.40				7.90
Shushanku Enterprises Limited	901.52	459.96	205.87	102.12	200.99	47.91
Sushma Gupta		26.05	21.90			6.90
Swati Enterprises						
Vinay Poddar	11.38	41.81	15.53	0.03	1.39	20.99
Samarpan Textiles Private Limited	113.49					
Vigyapan Technologies Private Limited			1.00			
Ashok Gupta HUF			5.34			
Ashok Gupta						
Subhlene Fabrics	87.05					
Ani Anu Developers Private Limited	60.00					
Power House Fitness Private Limited			1.20			
SVC Resources Limited		784.80	702.26	115.17	26.42	107.29
Shri Balaji International School		27.20				
Santowin Corporation Limited	124.66	357.58				
Akshat Gupta	47.00					
Outstanding Loans and Advances	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Ankush Gupta	-4.80	0.00	0.00	2.00	2.00	
Balkishan Poddar	-9.92	0.21	34.77	43.01	3.87	
Gupta Family Trust	0.00	0.00	43.46	63.91	0.20	
Initio Educational Planners Private Limited	0.00	0.00	16.00	20.00	20.00	
Naaz Trading and Finance Co. Ltd.		0.00	14.44	14.44	3.32	
Shiv Gupta	0.00	0.00	1.42	1.42	1.42	
Simmi Poddar	-5.68	0.71	19.53	11.61	1.20	0.00
Shree Krishna Enterprises	0.00	0.00	14.40	11.90	11.90	0.00
Shushanku Enterprises Limited	0.00	0.00	397.16	23.13	0.31	0.00
Sushma Gupta	0.15	0.00	0.00	6.90	6.90	0.00
Swati Enterprises						
Vinay Poddar	-2.22	0.79	20.52	17.48	6.88	
Samarpan Textiles Private Limited	-0.49				19.00	19.00
Vigyapan Technologies Private Limited	3.61	0.00	0.00	1.00	1.00	
Ashok Gupta HUF			0.00	5.34		
Ashok Gupta	26.05					
Subhlene Fabrics	0.00					
Ani Anu Developers Private Limited	19.26			23.00		
Power House Fitness Private Limited	42.52	0.00	0.00	1.20		
SVC Resources Limited	0.00	1.80	783.31	446.54	171.59	166.74
Shri Balaji International School	2.30	0.00	6.20			
Santowin Corporation Limited	0.00	0.00				
Akshat Gupta	-45.00					
Unsecured Loans						

<i>Received</i>						
Ashok Gupta HUF					0.00	0.00
Ashok Gupta		13.28	4.24		0.00	0.00
Balkishan Poddar	10.13					0.15
Lata Gupta		12.00				50.00
Simmi Poddar					7.65	0.11
Subhlene Fabrics		109.16	247.99	228.01	294.05	559.84
Swati Enterprises		118.57	82.44	29.49	10.02	2.35
Vinay Poddar						
Ankush Gupta	48.80					
Samarpan Textiles Private Limited		153.95	195.05	66.95		
Ani Anu Developers Private Limited		174.90	1,003.00			
Mahanagar Trading Company Private Limited		9.05	28.00	40.15		
Shristi Textiles		11.59	66.30	23.70		
Urmila Gupta			3.47			
Akshat Gupta	47.00	25.99				
Vinay Poddar HUF		4.54				
Arushi Apparel		0.31				
<i>Repayment</i>						
Ashok Gupta HUF				11.88	0.21	12.25
Ashok Gupta		13.28	18.92	0.19	2.00	1.20
Balkishan Poddar					0.00	0.00
Lata Gupta		36.50			27.50	0.00
Simmi Poddar					8.96	1.50
Subhlene Fabrics		264.32	132.66	425.35	625.31	192.19
Swati Enterprises		118.57	89.99	22.93	9.53	1.85
Vinay Poddar						
Ankush Gupta						
Samarpan Textiles Private Limited		153.95	225.00	18.00		
Ani Anu Developers Private Limited		954.75	200.15			
Mahanagar Trading Company Private Limited		57.20	20.00			
Shristi Textiles		11.59	90.00			
Urmila Gupta		3.47				
Akshat Gupta	2.00	25.99				
Vinay Poddar HUF		4.54				
Arushi Apparel	0.00	0.31				
<i>Outstanding Unsecured Loans</i>	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Ashok Gupta HUF					6.54	6.75
Ashok Gupta		0.00	0.00	14.68	14.87	16.87
Balkishan Poddar	9.92					0.15
Lata Gupta	0.00	0.00	24.50	24.50	24.50	52.00
Simmi Poddar						0.11
Subhlene Fabrics	0.00	0.00	155.16	39.83	237.17	568.43
Swati Enterprises	0.00	0.00	0.00	7.55	0.99	0.50
Vinay Poddar	0.00					0.69

Ankush Gupta	4.80					
Samarpan Textiles Private Limited		0.00	0.00	29.95		
Ani Anu Developers Private Limited	0.00	0.00	779.85			
Mahanagar Trading Company Private Limited	0.00	0.00	48.15	40.15		
Shristi Textiles	0.00	0.00	0.00	23.70		
Urmila Gupta	0.00	0.00	3.47			
Akshat Gupta	45.00	0.00				
Vinay Poddar HUF	0.00	0.00				
Arushi Apparel	0.00	0.00				
Deposit Received from SVC Resources Limited - (Formerly Pace Textiles Limited) for Unit I leased to them						
Deposit Received						550.00
Deposit Returned - Adjusted against debtors				550.00		
Rent Received -SVC Resources Limited					1.80	0.68

Annexure - XVI

Statement of Dividend paid: No Dividend Paid Till Date

Annexure - XVII**Statement of Investments**

(₹ In Lacs)

Particulars	As at					
	31.01.13	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Siddhivinayak Silk Mills Ltd	0.00	0.00	10.00	10.00	10.00	10.00
Kotak.Securities	0.00	0.00	0.51	0.51	0.51	0.51
Shree Shivam Complex	4.61	4.61	4.61	4.61	4.61	4.61
Sakun Textile Ind.Pvt.Ltd.	0.00	0.00	7.00	7.00	7.00	7.00
Naz Trading 7& Fin. Co.Ltd	0.00	0.00	400.00	400.00	700.00	700.00
Shushanku Enterprises	17.51	17.51		0.00	0.00	0.00
Total	22.12	22.12	422.12	422.12	722.12	722.12

Annexure - XVIII

There were no qualifications in the Auditors' report for the year ending on March 31, 2008, 2009, 2010, 2011 and 2012 and for period ended January 31, 2013.

Annexure - XIX**Changes in the Significant Accounting Policies**

Till the F.Y.2010-11 the company has not provided for gratuity liability. The Company changed its accounting policy form F.Y.2011-12 by providing gratuity liability on the basis of actuary valuation. The effect of change in accounting policy in the restated financials are given in Annexure – V

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

You should read the following discussion of our financial condition and results of operations together with our restated financial statements included in the Draft Prospectus. You should also read the section entitled "Risk Factors" beginning on page 9, which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations. The following discussion relates to our Company and, is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations. Portions of the following discussion are also based on internally prepared statistical information and on other sources. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year ("Fiscal Year") are to the twelve-month period ended March 31 of that year.

Business Overview

Our Company was incorporated on November 16, 1987 as a Private Limited Company under the name Ravi Synthetics Private Limited and subsequently the name of our Company changed the name to Subh Tex (India) Private Limited on December 13, 1990 and became a public limited with effect from July 03, 2003.

Our Company is an ISO 9001:2008 certified organization which manufactures suitings and shirtings. We also export finished suitings to various countries in the Middle East region. Other than the above, we also do trading activities of various materials (semi-finished and finished products) in the textile market.

We initially started our business operations by commencing trading activities. Thereafter in the year 1993, we set up a yarn-dying unit at Vapi, Gujarat. However, due to intense competition and viability issues, the said unit was shut down in the year 1998. In the meantime, during the year 1997, we started our Fabric Weaving unit (Unit I) at 277/1/2, Demni Road, Dadra, Dadra & Nagar Haveli (Union Territory) with 36 Sulzer-make powerlooms. Unit I had a capacity to manufacture 1.08 lac meters of textile material per month.

In the year 2002 our Company started operations in its second unit for Fabric Weaving (Unit II) at Plot No. 18, Village Dadra, Dadra & Nagar Haveli (Union Territory) by installing 40 Sulzer-make powerlooms. In July 2012 our Company shifted its entire machinery of Unit I to Unit II. Currently we have a single unit for the manufacturing of grey fabric with an installed capacity of 2.29 Lacs mtrs/month, while our registered office is situated in Mumbai.

Currently, our Company is engaged in the business of manufacturing fabric viz suiting & shirting for the domestic and international market. At the same time our Company is involved in trading of various textile products which are of high quality and also bulk trading. These textile goods are in demand and give us an income over and above the manufacturing activity. Also we plan to leverage on the marketing exposure and contacts which we generate from our trading activities which will be useful for converting our trading clients as clients of our manufactured products.

A year-wise build-up of our capacities is given below:

Sr. No.	Year	Capacity
5.	1997	13.00 lac meters p.a.
6.	2002	14.50 lac meters p.a.
Total existing capacity as on date		27.50 lac meters p.a.

Significant developments subsequent to the last financial year:

Except as mentioned below, after the date of last financial year i.e. March 31, 2012, the Directors of our Company confirm that, there have not been any significant material developments.

In July 2012 our Company shifted its entire machinery of Unit I to Unit II. Currently we have a single unit for the manufacturing of grey fabric with an installed capacity of 3.5 Lacs mtrs/month, while our registered office is situated in Mumbai. Further there has been a change in the management; i.e. the Santosh Kumar Pralhadrai Saraf and Shraddha Animesh Gupta are the new promoters of our Company w.e.f July 31, 2012, in place of the earlier promoters led by Vinay Poddar and Ashok Gupta, along with their family members.

Discussion on Results of Operation:

The following discussion on results of operations should be read in conjunction with the Audited Financial Results of our Company for the years ended March 31, 2008, 2009, 2010, 2011, 2012 and for the period ended January 31, 2013.

Key factors affecting the results of operation:

Our Company's future results of operations could be affected potentially by the following factors:

Presence of large number of unorganized players in the Plastic Industry – In the Textile Industry there are large number of unorganized sector producing the similar products at cheaper cost. Though, we have wide range of quality products we may face competition from low cost products in the market.

Rise in Income – with the rise in middle class incomes and purchasing power, the spent on textiles products has increased. This change in attitude will act as a catalyst, promoting higher demand led consumption.

Competition: Selling prices of our products may be affected if competition intensifies. Further, as a result of increase in scale of operations, adoption of aggressive pricing strategies by our competitors in order to gain market share or new competitors entering the markets, may adversely affect our operations and financial results.

Changes in interest rates - The interest rates on all of our borrowings may fluctuate. The interest rates on all of our borrowings are subject to adjustment based on the prime lending rate, the base rate or benchmark rate of the respective lenders. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase.

Other factors include:

- Non – receipt of pending approvals for the proposed Project.
- Prevailing trends and consumer preferences for various products offered by our Company.
- Company's ability to successfully implement their marketing, business and growth strategies.
- Changes in the regulations/regulatory framework/economic policies in India and/or in foreign countries.

Discussion on Results of Operation:

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company for the years ended 31st March, 2008, 2009, 2010, 2011, 2012 and the period ended January 31, 2013.

OUR SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer *Significant Accounting Policies, "Annexure IV" beginning under Chapter titled "Auditors' Report and Financial Information of our Company" beginning on page 102 of the Draft Prospectus.*

RESULTS OF OUR OPERATION**For the period ended January 31, 2013**

(₹ Lacs)		
Particulars	Amount	% to Total Income
Sales of Products Manufactured by the Company	993.08	
Sales of Products Traded by the Company	3,330.96	
Total Operating Income	4,324.04	
Other Income	2.41	
Changes in inventories of finished goods, work-in-progress and Stock- in-trade	186.56	
Total Income	4,513.01	
Expenditure		
Cost of Materials, Stores and Spares consumed	684.62	15.17%

Purchase of Traded Goods	3,397.83	75.29%
Employee Benefit Expenses	140.15	3.11%
Other Manufacturing and Administrative Expenses	94.79	2.10%
Total Expenditure	4,317.39	95.67%
Profit Before Interest, Depreciation and Tax	195.62	4.33%
Depreciation	46.43	1.03%
Profit Before Interest and Tax	149.19	3.31%
Financial Charges	125.93	2.79%
Profit before Taxation	23.26	0.52%
Tax Impact	5.23	0.12%
Profit After Tax but Before Extra ordinary Items	18.03	0.40%

Turnover

We recorded gross turnover of ₹ 4324.04 Lacs which includes ₹ 993.08 Lacs from Products manufactured by our company and ₹ 3330.96 Lacs from products traded by our Company. Our turnover mainly consists of manufacturing and sale of suitings and shirtings and trading of textile products.

We had other income of ₹ 2.14 Lacs. Increase in inventory constituted ₹ 186.56 Lacs.

Operating Expenses

The total operating expenditure aggregated to ₹ 4317.39 Lacs which was 95.67% of the total income.

Cost of Materials, Stores and Spares consumed stood at ₹ 684.52 Lacs which was 15.86% of the total operating expenses and 15.17% of the total income.

Purchase of traded goods stood at ₹ 3397.83 Lacs which was 78.70% of the total operating expenses and 75.29% of the total income.

Employee benefit expenses stood at ₹ 140.15 Lacs which was 3.25% of the total operating expenses and 3.11% of the total income.

Other Manufacturing and Administrative Expenses stood at ₹ 94.79 Lacs which was 2.20% of the total operating expenses and 2.10% of the total income.

Depreciation

We incurred Depreciation cost of ₹ 46.43 Lacs, which is 1.03% of our total income.

Interest and Financial Charges

Our financial charges for the period ended January 31, 2013 stood at ₹ 125.93 Lacs, which is 2.79% of our total income.

Profits

Our PBIDT stood at ₹ 195.62 Lacs for the period ended January 31, 2013 with the PBIDT margin of 4.33%. We recorded PBT of ₹ 23.26 Lacs and PBT margin stood at 0.52%. We recorded Net Profit of ₹ 18.03 Lacs. Our Net Profit Margin stood at 0.40%.

Results of Operations for the FY 2009, 2010, 2011 and 2012

	(Rs. Lacs)			
Particulars	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
Income				
Manufacturing Sales	1,354.61	1,213.83	1,464.82	1,460.58
Trading Sales	3,330.06	1,908.75	977.86	335.61
Export Sales	287.58	358.52	-	-
Total Operating Income	4,972.25	3,481.10	2,442.68	1,796.19
Increase/Decrease (%)	42.84%	42.51%	35.99%	
Other Income	35.38	49.54	9.58	26.71
Changes in inventories of finished goods, work-in-progress and Stock- in-trade	322.05	(107.92)	86.64	72.72
Total Income	5,329.68	3,422.72	2,538.90	1,895.62
	55.71%	34.81%	33.94%	
Expenditure				
Cost of Materials consumed	1,169.42	767.75	1,076.38	1,015.10
Increase/Decrease (%)	52.32%	-28.67%	6.04%	
% to Total Income	21.94%	22.43%	42.40%	53.55%
Purchase of Traded Goods	3,325.75	1,902.27	973.11	333.49
Increase/Decrease (%)	74.83%	95.48%	191.80%	
% to Total Income	62.40%	55.58%	38.33%	17.59%
Employee Benefit Expenses	201.07	188.92	153.13	100.12
Increase/Decrease (%)	6.43%	23.37%	52.95%	
% to Total Income	3.77%	5.52%	6.03%	5.28%
Other Manufacturing and Administrative Expenses	329.55	268.23	125.78	234.82
Increase/Decrease (%)	22.86%	113.26%	-46.44%	
% to Total Income	6.18%	7.84%	4.95%	12.39%
Total Expenditure	5,025.79	3,127.17	2,328.40	1,683.53
Increase/Decrease (%)	60.71%	34.31%	38.30%	
% to Total Income	94.30%	91.36%	91.71%	88.81%
PBIDT	303.89	295.55	210.50	212.09
Increase/Decrease (%)	2.82%	40.40%	-0.75%	
% to Total Income	5.70%	8.64%	8.29%	11.19%
Depreciation	63.56	61.91	47.71	53.73
Increase/Decrease (%)	2.67%	29.76%	-11.20%	
% to Total Income	1.19%	1.81%	1.88%	2.83%
Profit Before Interest and Tax	240.33	233.64	162.79	158.36
Increase/Decrease (%)	2.86%	43.52%	2.80%	
% to Total Income	4.51%	6.83%	6.41%	8.35%
Interest & Financial Charges	194.47	188.59	122.12	112.19
Increase/Decrease (%)	3.12%	54.43%	8.85%	
% to Total Income	3.65%	5.51%	4.81%	5.92%

Profit before Taxation	45.86	45.05	40.67	46.17
Increase/Decrease (%)	1.79%	10.77%	-11.91%	
% to Total Income	0.86%	1.32%	1.60%	2.44%
Tax Effect	4.54	10.37	15.08	2.03
Increase/Decrease (%)	-56.22%	-31.23%	642.86%	
% to Total Income	0.09%	0.30%	0.59%	0.11%
Profit After Tax	41.32	34.68	25.59	44.14
Increase/Decrease (%)	19.14%	35.52%	-42.02%	
% to Total Income	0.78%	1.01%	1.01%	2.33%

COMPARISON OF FY 2012 WITH FY 2011:

Total Operating Income

The Total operating income for the FY 2012 is ₹ 4972.25 Lacs as compared to ₹ 3481.10 Lacs during the FY 2011 showing increase of 42.84%. The increase in turnover was mainly due to increase in volume of sales. Our turnover included ₹ 1354.61 Lacs from Products manufactured by our company and ₹ 3330.06 Lacs from products traded by our Company during FY 2012 as compared to ₹ 1213.83 Lacs and ₹ 1908.75 Lacs respectively during FY 2011. Export Sales for the FY 2012 was ₹ 287.58 Lacs as compared to ₹ 358.52 Lacs.

Total Income

The Total income for the FY 2012 is ₹ 5,329.68 Lacs as compared to ₹ 3422.72 Lacs during the FY 2011 showing increase of 55.71%.

Expenditure:

Cost of Materials, Stores and Spares consumed

Cost of Materials, Stores and Spares consumed increased to ₹ 1169.42 Lacs for FY 2012 from ₹ 767.75 Lacs for FY 2011 showing an increase of 52.32%. This increase was mainly due to increase in consumption of material due to increase in volume of manufacturing sales. The Cost of Materials, Stores and Spares consumed was 21.94% of total income during FY 2012 as against that of 22.43% during FY 2011.

Cost of Traded Goods

Cost of Traded Goods increased to ₹ 3325.75 Lacs for FY 2012 from ₹ 1902.27 Lacs for FY 2011 showing an increase of 74.83%. This increase is line with increase in sales from products traded by our company. The Cost of Traded Goods was 62.40% of total income during FY 2012 as against that of 55.58% during FY 2011.

Employee Benefit Expenses

Labour & Staff Cost increased from ₹ 188.92 Lacs for FY 2011 to ₹ 201.07 Lacs for FY 2012 showing an increase of 6.43%. This increase was mainly due to increase in salaries and wages, gratuity and leave encashment. Labour & Staff Cost stood at 5.52% and 3.77% of Total income for FY 2011 and FY 2012 respectively.

Other Manufacturing and Administrative Expenses

Other Manufacturing and Administrative Expenses increased from ₹ 268.23 Lacs for FY 2011 to ₹ 329.55 Lacs for FY 2012 showing an increase of 22.86%. This increase was mainly due to increase in power & fuel expenses, process purchase, discount on sales, export expenses, legal and professional charges amongst others. Other Manufacturing and Administrative Expenses stood at 7.84% and 6.18% of Total income for FY 2011 and FY 2012 respectively.

Profit before Depreciation, Interest and Tax (PBDIT)

PBDIT increased from ₹ 295.55 Lacs for FY 2011 to ₹ 303.89 Lacs for FY 2012, mainly on account of increase in volume of sales. During FY 2012, our Company recorded PBDIT of 5.70% of the Total income as against 8.64% during FY 2011. The decrease in PBDIT margin was mainly due to increase in cost of purchase of traded goods.

Depreciation

Depreciation on fixed assets was 1.19% of Total income during FY 2012 as compared to 1.81% during FY 2011. The total depreciation during FY 2011 was ₹ 61.91 Lacs and during FY 2012 it was ₹ 63.56 Lacs. This increase was due to increase in fixed assets of our Company. Gross block for FY 2011 was ₹ 1128.41 Lacs which increased to ₹ 1222.52 Lacs during FY 2012.

Interest and Financial Charges

Interest and Financial Charges increased from ₹ 188.59 Lacs for FY 2011 to ₹ 194.47 Lacs for the FY 2012. Interest cost mainly includes interest on secured loans.

Profit after Tax and restatement adjustment (PAT)

PAT increased from ₹ 34.68 Lacs for the FY 2011 to ₹ 41.32 Lacs in FY 2012. This increase was mainly due to increase revenue of our Company and the other reasons as details above. During FY 2012, our Company recorded PAT margin of 0.78% as against 1.01% for FY 2011. The decrease in PAT margin was mainly due to increase in sales of traded goods as compared to manufacturing goods. Sales of traded goods is a low margin business.

COMPARISON OF FY 2011 WITH FY 2010:

Total Operating Income

The Total operating income for the FY 2011 is ₹ 3481.10 Lacs as compared to ₹ 2442.68 Lacs during the FY 2010 showing increase of 42.51%. The increase in turnover was mainly due to increase in volume of traded sales and export sales. Our turnover included ₹ 1213.81 Lacs from Products manufactured by our company and ₹ 1908.75 from products traded by our Company during FY 2011 as compared to ₹ 1464.82 Lacs and ₹ 977.86 Lacs respectively during FY 2010. Export Sales for the FY 2011 was ₹ 358.52 Lacs and it was nil during FY 2010.

Total Income

The Total income for the FY 2011 is ₹ 3422.71 Lacs as compared to ₹ 2538.90 Lacs during the FY 2010 showing increase of 34.81%.

Expenditure:

Cost of Materials, Stores and Spares consumed

Cost of Materials, Stores and Spares consumed decreased to ₹ 767.75 Lacs for FY 2011 from ₹ 1076.38 Lacs for FY 2010 showing a decrease of 28.67%. This decrease was mainly due to decrease in consumption of material due to decrease in volume of manufacturing sales. The Cost of Materials, Stores and Spares consumed was 22.43% of total income during FY 2011 as against that of 42.40% during FY 2010.

Cost of Traded Goods

Cost of Traded Goods increased to ₹ 1902.27 Lacs for FY 2011 from ₹ 973.11 Lacs for FY 2010 showing an increase of 95.48%. This increase is line with increase sales from products traded by our company which increased by 95.20%. The Cost of Traded Goods was 55.58% of total income during FY 2011 as against that of 38.33% during FY 2010.

Employee Benefit Expenses

Labour & Staff Cost increased from ₹ 153.13 Lacs for FY 2010 to ₹ 188.92 Lacs for FY 2011 showing an increase of 23.37%. This increase was mainly due to increase in salaries, wages and bonus to staff, gratuity and leave encashment. Labour & Staff Cost stood at 6.03% and 5.52% of Total income for FY 2010 and FY 2011 respectively.

Other Manufacturing and Administrative Expenses

Other Manufacturing and Administrative Expenses increased from ₹ 125.78 Lacs for FY 2010 to ₹ 268.23 Lacs for FY 2011 showing an increase of 113.26%. This increase was mainly due to increase in power & fuel expenses, packing expenses, commission, process purchase, discount on sales, export expenses, repairs and maintenance charges amongst others. Other Manufacturing and Administrative Expenses stood at 4.95% and 7.84% of Total income for FY 2010 and FY 2011 respectively.

Profit before Depreciation, Interest and Tax (PBDIT)

PBDIT increased from ₹ 210.50 Lacs for FY 2010 to ₹ 295.55 Lacs for FY 2011, mainly on account of decrease in cost of material consumed. During FY 2011, our Company recorded PBDIT of 8.64% of the Total income as against 8.29% during FY 2010.

Depreciation

Depreciation on fixed assets was 1.81% of Total income during FY 2011 as compared to 1.88% during FY 2010. The total depreciation during FY 2010 was ₹ 47.71 Lacs and during FY 2011 it was ₹ 61.91 Lacs. This increase was due to increase in fixed assets of our Company. Gross block for FY 2010 was ₹ 995.69 Lacs which increased to ₹ 1128.41 Lacs during FY 2011.

Interest and Financial Charges

Interest and Financial Charges increased from ₹ 122.12 Lacs for FY 2010 to ₹ 188.59 Lacs for the FY 2011. Interest cost mainly includes interest on secured loans. Our outstanding secured loans as on March 31, 2011 were ₹ 940.10 Lacs as compared to ₹ 614.70 Lacs as on March 31, 2010.

Profit after Tax and restatement adjustment (PAT)

PAT increased from ₹ 25.59 Lacs for the FY 2010 to ₹ 34.68 Lacs in FY 2011. This increase was mainly due to decrease in cost of materials consumed and the other reasons as details above. During FY 2011, our Company recorded PAT margin of 1.01% in both the years.

COMPARISON OF FY 2010 WITH FY 2009:

Total Operating Income

The Total operating income for the FY 2010 is ₹ 2442.68 Lacs as compared to ₹ 1796.19 Lacs during the FY 2009 showing increase of 35.99%. The increase in turnover was mainly due to increase in volume of traded sales. Our turnover included ₹ 1464.82 Lacs from Products manufactured by our company and ₹ 977.86 from products traded by our Company during FY 2010 as compared to ₹ 1460.58 Lacs and ₹ 335.61 Lacs respectively during FY 2009.

Total Income

The Total income for the FY 2010 is ₹ 2538.90 Lacs as compared to ₹ 1895.62 Lacs during the FY 2009 showing an increase of 33.94%.

Expenditure:

Cost of Materials, Stores and Spares consumed

Cost of Materials, Stores and Spares consumed increased to ₹ 1076.38 Lacs for FY 2010 from ₹ 1015.10 Lacs for FY 2009 showing an increase of 6.04%. The Cost of Materials, Stores and Spares consumed was 42.40% of total income during FY 2010 as against that of 53.55% during FY 2009.

Cost of Traded Goods

Cost of Traded Goods increased to ₹ 973.11 Lacs for FY 2010 from ₹ 333.49 Lacs for FY 2009 showing an increase of 191.80%. This increase is line with increase sales from products traded by our company which increased by 191.37%. The Cost of Traded Goods was 38.33% of total income during FY 2010 as against that of 17.59% during FY 2009.

Employee Benefit Expenses

Employee Benefit Expenses increased from ₹ 100.12 Lacs for FY 2009 to ₹ 153.13 Lacs for FY 2010 showing an increase of 52.95%. This increase was mainly due to increase in salaries, wages and other welfare expenses. Employee Benefit Expenses stood at 5.28% and 6.03% of Total income for FY 2009 and FY 2010 respectively.

Other Manufacturing and Administrative Expenses

Other Manufacturing and Administrative Expenses decreased from ₹ 234.82 Lacs for FY 2009 to ₹ 125.78 Lacs for FY 2010 showing an decrease of 46.44%. This decrease was mainly due to decrease in jobwork charges, legal & professional fees. During FY 2009 our company got the job work done from outsiders. Other Manufacturing and Administrative Expenses stood at 12.39% and 4.95% of Total income for FY 2009 and FY 2010 respectively.

Profit before Depreciation, Interest and Tax (PBDIT)

PBDIT decreased from ₹ 212.09 Lacs for FY 2009 to ₹ 210.50 Lacs for FY 2010, mainly on account of increase in cost of material consumed, employee benefit cost. During FY 2010, our Company recorded PBDIT of 8.29% of the Total income as against 11.19% during FY 2009.

Depreciation

Depreciation on fixed assets was 1.88% of Total income during FY 2010 as compared to 2.83% during FY 2009. The total depreciation during FY 2009 was ₹ 53.73 Lacs and during FY 2010 it was ₹ 47.71 Lacs.

Interest and Financial Charges

Interest and Financial Charges increased from ₹ 112.12 Lacs for FY 2009 to ₹ 122.12 Lacs for the FY 2010. Interest cost mainly includes interest on secured loans. Our outstanding secured loans as on March 31, 2010 were ₹ 614.70 Lacs as compared to ₹ 464.55 Lacs as on March 31, 2009.

Profit after Tax and restatement adjustment (PAT)

PAT decreased from ₹ 44.14 Lacs for the FY 2009 to ₹ 25.59 Lacs in FY 2010. This decrease was mainly due to increase in cost of material consumed, employee benefit cost, financial charges, tax effect and the other reasons as details above. During FY 2010, our Company recorded PAT margin of 1.01% as against 2.33% for FY 2009.

Related Party Transactions

For further information please refer “Annexure XV” beginning on page 124 under Chapter titled “Auditors’ Report and Financial Information of our Company” beginning on page 102 of the Draft Prospectus.

Financial Market Risks

We are exposed to financial market risks from changes in borrowing costs, interest rates and inflation.

Interest Rate Risk

Our Company is not currently exposed any major interest rate risks. However, any rise in future borrowings may result into the same.

Effect of Inflation

We are affected by inflation as it has an impact on the operating cost, staff costs etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:

1. Unusual or infrequent events or transactions

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years other than as described herein.

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

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in ‘*Factors Affecting our Results of Operations*’ and the uncertainties described in the section entitled ‘*Risk Factors*’ beginning on page 9 of the Draft Prospectus. To our knowledge, except as we have described in the Draft Prospectus, there are no known factors which we expect to bring about significant economic changes.

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

Apart from the risks as disclosed under Section titled “Risk Factors” beginning on page 9 in the Draft Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

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

Our Company’s future costs and revenues will be determined by demand/supply situation, government policies and prices quoted by service providers.

5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.

Increases in revenues are by and large linked to increases in volume of business.

6. Total turnover of each major industry segment in which the issuer company operated.

Our Company only operates in textile Sector. For details on the total turnover of the industry *please refer to Chapter titled “Industry Overview” beginning on page 81 of the Draft Prospectus.*

7. Status of any publicly announced new products or business segment.

Our Company has not announced any new product and segment, other than the proposed manufacturing unit for suitings and shirtings.

8. The extent to which business is seasonal.

Our Company’s business is not seasonal in nature.

9. Any significant dependence on a single or few suppliers or customers.

Our Company is not dependent any on single or few customers. Our dependence on our suppliers is enumerated in the following table:

Customers Contribution:

Particulars	March 31, 2012
Top 3 Customers (% of total sales)	32.33

Top 5 Customers (% of total sales)	41.86
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Suppliers Contribution:

Particulars	March 31, 2012
Top 3 suppliers (% of total purchases)	28.72
Top 5 suppliers (% of total purchases)	39.15

10. Competitive conditions.

Competitive conditions are as described under the *Chapters titled “Industry Overview” and “Business Overview” beginning on pages 62 and 71, respectively of the Draft Prospectus.*

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

I. Litigations involving our Company

A. Against our Company

Excise related matters

1. In the year 1997, our Company's Yarn Dyeing plant at Vapi, Gujrat, which was closed since past few years was searched and the Excise Department raised a duty liability of ₹ 143 lacs along with an equal amount as penalty *vide* their order No. 10/MP/DAMAN/07 dated October 19, 2007.

Our Company preferred an appeal with the Customs, Excise & Service Tax Appellate Tribunal, West Zone, Ahmedabad in January 2008. The matter was heard and after a few hearings the Honourable Tribunal *vide* their order no. S/18-23/WZB/AHD/2009 dated January 06, 2009, directed our Company to pre-deposit 50% of duty demanded and stay of recovery thereof pending the hearing & final disposal of the above appeal.

As per the order of the Honourable Tribunal we have deposited an amount of ₹ 79 Lacs with the Excise Department. The matter is posted for further hearing on September 12, 2013.

Income Tax related matters

a. Assessment Year 2002-2003

Return of income was filed for Assessment Year 2002-2003 on October 31, 2002 declaring an income of ₹ 16,10,183. The Return of income was processed u/s. 143(1)(a) on February 13, 2003 wherein a refund of ₹ 8,579/- was shown as due. Thereafter another notice u/s. 154 of the I. T. Act, 1961 dated February 13, 2003 was issued to rectify return of income processed earlier u/s. 143(1)(a). An order u/s. 154 of the I. T. Act, 1961 dated May 05, 2003 was passed to rectify intimation u/s. 143(1) of the I. T. Act, 1961 on the ground that MAT income of ₹ 71,36,040 was not considered for charging tax working @ of 7.5% and surcharge 2% and consequently a tax demand for ₹ 6,76,210 was raised against our Company. Our Company has preferred an appeal against the said order and the matter is currently pending.

b. Assessment Year 2005-2006

Our Company filed its Return of income on October 31, 2005 declaring Nil income and alongwith a deduction u/s. 80IB of ₹ 87,53,815 was claimed and book profit of ₹ 1,38,45,574 was determined u/s. 115JB of the I.T. Act, 1961. The Income Tax Assessment order under section 143(3) of the I. T. Act, 1961 was passed on December 12, 2007 wherein following additions were made under 1) Unexplained expenditure of ₹ 69,36,490 2) Disallowance of 15% of total expenses of ₹ 48,60,652, i.e. ₹ 7,29,098 and 3) Disallowance of bad debts of ₹ 5,48,873. Total income of ₹ 73,53,050/- was determined and a tax demand of ₹ 23,33,324 was raised. Our Company preferred and appeal against the assessment order and was filed on January 11, 2008. We have also received a penalty notice of ₹ 2,00,846 under section 271(1)(C) the I. T. Act, 1961 *vide* order dated March 29, 2012 pertaining to the same matter. The matter is currently pending.

c. Assessment Year 2008-2009

Penalty 1: Our Company had paid fees for professional/technical services of ₹ 37,37,502/- on which no tax of ₹ 3,84,962/- was deducted as alleged by the Income Tax authorities. The Income Tax Officer Ward 4(3)(3) had informed ITO (TDS)-Range-3(3) regarding the same who *vide* order u/s. 201(1) & 201 (1A) of the I.T. Act, 1961, levied a penalty of ₹ 3,84,962 and charged interest of ₹ 1,38,586 and a demand of ₹ 5,23,548 was raised.

Penalty 2: The above matter was also referred to the Addl. CIT (TDS) Range-3 for initiating penalty u/s. 271(C) on account of failure to deduct tax. The Addl. CIT (TDS) Range-3 *vide*

order dated March 28, 2012 levied a penalty of ₹ 3,84,962 being the sum equal to the amount of taxes which were not deducted as per the Income Tax authorities. We have preferred an appeal before the Commissioner of Income Tax (Appeals) against the penalty order u/s.271(C) on May 04, 2012, which is pending hearing.

Penalty 3: Our Company had deducted tax on payments made and had not filed quarterly TDS statement in Form No. 24Q and 26Q for the financial year 2007-2008 within stipulated period as alleged by the Income Tax Department. Addl. CIT (TDS) Range-3, *vide* order dated March 28, 2012 levied a penalty of ₹ 5,900 u/s. 272A(2)(K) of Income Tax Act, 1961. We have preferred an appeal against the said order before CIT(A) on May 04, 2012 which is pending hearing.

Assessment: For the AY 2008-2009 Income returned was ₹ 16,49,332. The tax authorities assessed the Income at ₹ 1,49,29,848 and made a demand of ₹ 57,58,308. We preferred an appeal before the Commissioner of Income Tax (Appeals) on January 28, 2011. The CIT(A) *vide* its order dated January 04, 2012 dismissed the appeal on various grounds. We have appealed against the CIT(A)'s order before the Hon'ble Income Tax Appellant Tribunal (ITAT) on April 30, 2012.

d. Assessment Year 2009-2010

Our Company had filed its Return of Income for AY 2009-10 declaring a total income of ₹ 10,65,830. The Return was processed on August 23, 2010 and the assessing officer added the income and disallowed certain payments and a demand of ₹ 27,83,335 was raised. We have preferred an appeal against the assessment order before the Commissioner of Income Tax (Appeals) on February 01, 2012.

B. By our Company
NIL

II. Litigations involving our Directors / Promoters

A. Against our Directors / Promoters

Nil

B. By our Directors / Promoters

Nil

III. Litigations involving our Group Entities

A. Against our Group Entities

NIL

B. By our Group Entities

NIL

IV. Other litigations involving any other entities which may have a material adverse effect on our Company

There is no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act, show cause notices or legal notices pending against any company whose outcome could affect the operation or finances of our Company or have a material adverse effect on the position of our Company.

V. Potential Litigations

There are no potential litigations against our Company, our Promoters, our Directors, our Subsidiary or our Group Entities that we are currently aware of or in connection with which, we have received notice.

VI. Details of the past penalties imposed on our Company / Directors

As on the date of the Draft Prospectus, except as mentioned below, no penalties have been imposed on our Company or any of our Directors:

Penalty 1: Our Company had paid fees for professional/technical services of ₹ 37,37,502/- on which no tax of ₹ 3,84,962/- was deducted as alleged by the Income Tax authorities. The Income Tax Officer Ward 4(3)(3) had informed ITO (TDS)-Range-3(3) regarding the same who *vide* order u/s. 201(1) & 201 (1A) of the I.T. Act, 1961, levied a penalty of ₹ 3,84,962 and charged interest of ₹ 1,38,586 and a demand of ₹ 5,23,548 was raised.

Penalty 2: The above matter was also referred to the Addl. CIT (TDS) Range-3 for initiating penalty u/s. 271(C) on account of failure to deduct tax. The Addl. CIT (TDS) Range-3 *vide* order dated March 28, 2012 levied a penalty of ₹ 3,84,962 being the sum equal to the amount of taxes which were not deducted as per the Income Tax authorities.

For the above matters, we have preferred an appeal before the Commissioner of Income Tax (Appeals) which is pending hearing.

Penalty 3: Our Company had deducted tax on payments made and had not filed quarterly TDS statement in Form No. 24Q and 26Q for the financial year 2007-2008 within stipulated period as alleged by the Income Tax Department. Addl. CIT (TDS) Range-3, *vide* order dated March 28, 2012 levied a penalty of ₹ 5,900 u/s. 272A(2)(K) of Income Tax Act, 1961. We have preferred an appeal against the said order before CIT(A) on May 04, 2012 which is pending hearing.

Penalty 4: Our Company has paid a penalty amount of ₹ 14,500 to the Registrar of Companies, Maharashtra on August 31, 2000, for availing the Company Law Settlement Scheme, 2000. We had paid the said amount while filing delayed returns of our company's Annual Returns and Balance Sheets for the period 1995-1996, 1996-1997, 1997-1998 and 1998-1999.

Penalty 5: Our Company has paid a penalty amount of ₹ 2,250 to the Registrar of Companies, Maharashtra on July 29, 2011, as cost of condonation for delay in filing particulars of charges of our Company's Banker, Corporation Bank, in terms of the Company Law Board order dated July 26, 2011.

VII. Amounts owed to small scale undertakings or any other creditors

There are no outstanding dues above ₹ 1,00,000 to small scale undertaking(s) or any other creditors by our Company, for more than 30 days, except in the ordinary course of business.

VIII. Material developments occurring after last balance sheet date, that is, January 31, 2013

Except as disclosed in the section titled “*Management's Discussion and Analysis of Financial Condition and Results of Operations of our Company*” beginning on page number 130 of the Draft Prospectus, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in the Draft Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability or its ability to pay its material liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

In view of the licenses / permissions / approvals / no-objections / certifications / registrations, (collectively “Authorisations”) listed below, our Company can undertake this Issue and our current business activities and to the best of our knowledge, no further approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of the Draft Prospectus.

It must be distinctly understood that, in granting these approvals, the GoI, the RBI or any other authority 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. For further details in connection with the regulatory and legal framework within which we operate, please refer to the chapter titled “Key Regulations and Policies” beginning on page number 78 of the Draft Prospectus.

A. Corporate / General Authorisations

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Applicable Act/Regulation	Date of Issue	Valid upto
1.	Certificate of Incorporation in the name of ‘Ravi Synthetics Private Limited’	Registrar of Companies, Maharashtra	45305 of 1987	Companies Act, 1956	November 16, 1987	Valid until cancelled
2.	Fresh certificate of incorporation consequent upon change of name to ‘Subh Tex (India) Private Limited’	Additional Registrar of Companies, Maharashtra at Mumbai	11-45305	Companies Act, 1956	December 13, 1990	Valid until cancelled
3.	Fresh certificate of incorporation consequent upon change of name on conversion to public limited company as ‘Subh Tex (India) Limited’	Deputy Registrar of Companies, Maharashtra at Mumbai	11-45305	Companies Act, 1956	July 03, 2003	Valid until cancelled

B. Issue Related Authorisations

1. Our Board of Directors has, pursuant to a resolution passed at its meeting held on June 07, 2013, authorised the Issue subject to the approval by the shareholders of our Company under Section 81 (1A) of the Companies Act, such other authorities as may be necessary.
2. The shareholders of our Company have authorised the Issue, pursuant to a special resolution under Section 81(1A) of the Companies Act, passed at their EGM held on July 09, 2013.
3. Our Company has obtained approval dated [●] from the BSE.

C. Tax Related Authorisations

Sr. No.	Authorization granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Validity
1.	Permanent Account Number	Income Tax Department, GoI	AABCS3969E	--	Valid until cancellation
2.	Tax Deduction Account Number	Income Tax Department, GoI	MUMS43005E	--	Valid until cancellation
3.	Certificate of Registration under	Deputy Commissioner	DNH/ST/26000002550	June 24, 2005	Valid until cancellation

Sr. No.	Authorization granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Validity
	the VAT Regulation – 2005	Value Added Tax Department, D&NH, Silvassa			
4.	Certificate of Registration under the Central Sales Tax (Registration & Turnover) Rules, 1957	Sales Tax Department, Silvassa	DNH/CST/2480	November 24, 1997	Valid until cancellation
5.	Certificate of allotment of Importer-Exporter Code (IEC)	Office of the Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India	0397012985	June 06, 1997	Valid until cancellation in terms of the approval granted
6.	Allotment of Service Tax Code for transport of goods by road	Assistant Commissioner, Central Excise and Customs, Division I, Silvassa	AABCS3969EST001	March 09, 2005	Valid until cancellation
7.	Allotment of Service Tax Code for transport of goods by road	Assistant Commissioner, Central Excise and Customs, Division I, Silvassa	AABCS3969EST002	March 09, 2005	Valid until cancellation
8.	Certificate of Exemption from Sales Tax for the unit situated at Plot No. 18, Village Dadra	Assistant Commissioner of Sales Tax, D&NH, Silvassa	ADM/DNH/EXEMPT/CST/2005/2052	March 10, 2005	December 31, 2017

D. Business Related Certifications

Our Company has received the following significant government and other approvals pertaining to our business:

Sr. No.	Authorization granted	Issuing Authority	Registration No./Reference No./License No.	Applicable Act/Regulation	Date of Issue	Valid upto
1.	Factory Licence	Chief Inspector of Factories	1031	Factories Act	June 08, 1998	December 31, 2012
2.	Factory Licence	Chief Inspector of Factories	2004	Factories Act	September 29, 2004	December 31, 2012
3.	Registration with Secreteriat for Industrial Assistance	Ministry of Commerce & Industry	3578/SIA/IMO/2003	Secreteriat for Industrial Assistance	December 12, 2003	--
4.	Registration Certificate of Establishment	Office of the Inspector	760282251 / Commercial II	Bombay Shops and Establishment Act, 1948	January 07, 2013	December 31, 2015

E. Employees related approvals

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Applicable Act/Regulation	Date of Issue	Valid upto
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Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Applicable Act/Regulation	Date of Issue	Valid upto
1.	Allotment of Code number	Employees' Provident Fund Organization	GJ/VAP/45325	Employees' Provident Funds and Miscellaneous Provisions Act, 1952	September 17, 1999	--

F. Memberships of trade associations and ISO certifications

Sr. No.	Nature of certificate issued	Organization issuing the certificate	Membership number	Date of issue	Valid upto
1.	Membership Certificate as a manufacturer exporter	The Synthetic & Rayon Textiles Export Promotion Council	SR/MFG/5980/2010-11	June 29, 2010	March 31, 2015
2.	Membership Certificate as a merchant exporter	The Synthetic & Rayon Textiles Export Promotion Council	SR/MER/5408/2009-10	January 21, 2010	March 31, 2015
3.	ISO 9001:2008 certification as a Manufacturer and Exporter of Fabrics and Garments	British Certifications Inc.	BCI/Q/J2505	June 15, 2012	May 30, 2015

G. Approvals applied for but not yet received/Renewals made in the usual course of business

1. Application have been made with the Chief Inspector of Factories for renewal of Factory Licences for the year 2013 for both our units on February 06, 2013.
2. Application for Certificate of Enrolment under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at their meeting held on June 07, 2013, subject to the approval of shareholders of our Company through a special resolution to be passed pursuant to Section 81 (1A) of the Companies Act.

The shareholders of our Company have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on July 09, 2013.

We have also obtained all necessary contractual approvals required for this Issue. For further details, refer to the chapter titled “*Government and Other Approvals*” beginning on page number 143 of the Draft Prospectus.

We have received approval from BSE *vide* their letter dated [•] to use the name of BSE in the Draft Prospectus for listing of our Equity Shares on SME Platform of BSE. BSE is the Designated Stock Exchange.

Prohibition by SEBI

Our Company, Directors, Promoters, members of the Promoter Group and Group Entities, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies, with which Promoters, Directors or persons in control of our Company were or are associated as promoters, directors or persons in control of any other company have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Further, none of our Directors are associated with any entities which are engaged in securities market related business and are registered with SEBI for the same.

Prohibition by RBI or Governmental authority

Our Company, our Promoters or their relatives (as defined under the Companies Act) and our Group Entities have confirmed that they have not been detained as willful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by them in the past or are pending against them.

Our Directors have not been declared as wilful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceedings are pending against our Company or them.

ELIGIBILITY FOR THIS 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 eligible for the Issue in accordance with Regulation 106(M)(2) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as we are an Issuer whose post-issue face value capital is more than ten Crore Rupees and upto twenty five crore ruprees may also 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).

1. Net Tangible assets of at least ₹1 crore as per the latest audited financial results

Our Company has Net Tangible Assets of ₹ 1 crore as per the latest financial results. Our Net Tangible Assets for the year ended March 31, 2012 and January 31, 2013 are disclosed as under:

(₹ lacs)

Particulars	31-Mar-12	31-Jan-13
Fixed Assets (Net)	590.14	610.92
Intangible Assets	0.00	0.00

Current Assets, Loans & Advances	3,608.72	3,241.52
Investments	22.12	22.12
Less: Current Liabilities & provisions	2,529.75	2323.97
Net Tangible Assets*	1,691.23	1,550.59

2. *Net worth (excluding revaluation reserves) of at least ₹ 1 crore as per the latest audited financial results*

Our Company satisfies the above criteria. Our Net Worth as per the restated financial statements is as under:

(₹ lacs)

Particulars	31-Mar-12	31-Jan-13
Net Worth	1,625.42	1,643.45

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 has to be a period of at least 12 months. Extraordinary income will not be considered for the purpose of calculating distributable profits. Otherwise, the Net Worth shall be at least ₹ 3 Crores.*

Our Company has distributable profits in terms of sec. 205 of Companies Act, 1956, as detailed below:

(₹ lacs)

Particulars	31-Mar-10	31-Mar-11	31-Mar-12
Net Profit as per P&L Account	25.59	34.68	41.32

4. *Other Requirements*

The post-issue paid up capital of the company shall be at least ₹ 1 crore.

Our Company currently has a paid up capital in excess of ₹ 1 crore, and the Post Issue Capital shall be ₹ 11 crores.

The company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.

Our Company has entered into tripartite agreements with CDSL and NSDL along with our Registrar for facilitating trading in dematerialized mode. Also the Equity Shares allotted through this Issue will be in dematerialized mode.

Companies shall mandatorily have a website.

Our Company has a live and operational website: www.subhtexindia.com

5. *Certificate from the applicant company / promoting companies stating the following:*

- The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR). – certificate submitted alongwith the BSE filing letter*
- There is no winding up petition against the company that has been accepted by a court. - certificate submitted alongwith the BSE filing letter*

We confirm that:

- 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 31 of the 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 the section titled “General Information – Details of the Market Making Arrangements for this Issue” on page 32 of the Draft Prospectus.*

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter X-B 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.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN 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 THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, BASAN FINANCIAL SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS FOR THE TIME BEING IN FORCE. 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 DRAFT PROSPECTUS, THE LEAD MANAGER, BASAN FINANCIAL SERVICES LIMITED, ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, BASAN FINANCIAL SERVICES LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●] IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, CIVIL CASES, INTELLECTUAL PROPERTY DISPUTES, DISPUTE WITH COLLABORATORS, CRIMINAL CASES, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, 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 COMPANY, WE CONFIRM THAT:

- a) **THE OFFER DOCUMENT FILED WITH SEBI 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 SEBI, THE CENTRAL GOVERNMENT, AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- c) **THE DISCLOSURES MADE IN THE OFFER DOCUMENT 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 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 OFFER DOCUMENT ARE REGISTERED WITH SEBI 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 EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE OFFER DOCUMENT.**
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 EQUITY SHARES 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 OFFER DOCUMENT.**
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 SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**
8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY 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 OF THE COMPANY 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 OFFER DOCUMENT. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE OFFER DOCUMENT 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 OFFER DOCUMENT:
 - (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
 - (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI 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 OF THE COMPANY, 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 OFFER DOCUMENT WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND 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 MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.
17. WE UNDERTAKE TO DISCLOSE THE TRACK RECORD OF THE PERFORMANCE OF EACH PUBLIC ISSUE MANAGED BY BASAN FINANCIAL SERVICES LIMITED FOR A PERIOD OF THREE FINANCIAL YEARS FROM THE DATE OF LISTING ON ITS WEBSITE www.basanonline.com; AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR REFERENCE CIR/MIRSD/1/2012 DATED JANUARY 10, 2012.

ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
3. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009.
4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISOR TO SUBREGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, THE CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS. – *NOT APPLICABLE*
6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 110[106P] AND 111[106V] OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, HAVE BEEN MADE.

The filing of the Draft Prospectus 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 Manager, any irregularities or lapses in the Draft Prospectus.

All legal requirements pertaining to this Issue will be complied with at the time of filing of the Prospectus with the Registrar of Companies, Maharashtra at Mumbai, in terms of Section 56, Section 60 and Section 60(B) of the Companies Act.

Disclaimer Statement from our Company and the Lead Manager

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in the Draft Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, www.subhtextindia.com, would be doing so at his or her own risk.

Caution

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Agreement for Issue Management entered into among the Lead Manager and our Company dated July 09, 2013, the Underwriting Agreement dated July 09, 2013 entered into among the Underwriters and our Company and the Market Making Agreement dated July 09, 2013 entered into among the Lead Manager and our Company.

Our Company and the Lead Manager shall make all information available 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 centers, etc.

The Lead Manager and its associates and affiliates may engage in transactions with and perform services for, our Company and associates of our Company in the ordinary course of business & have engaged, and may in future engage in the provision of financial services for which they have received, and may in future receive, compensation.

Investors who apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriter 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 and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Lead Manager 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.

Price Information and the track record of the past Issues handled by the Lead Manager

For details regarding the price information and the track record of the past Issues handled by the Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to ‘Annexure A’ to the Draft Prospectus and the website of the Lead Manager at www.basanonline.com

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, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 2,500 lacs, pension funds with minimum corpus of ₹ 2,500 lacs and the National Investment Fund, and permitted non-residents including FIIs, Eligible NRIs, QFIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company the Draft Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft 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 Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Prospectus has been filed with BSE for its observations and BSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and the Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

Disclaimer Clause of the Bombay Stock Exchange Limited

As required, a copy of the Draft Prospectus shall be submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of the Draft Prospectus, shall be included in the Prospectus prior to the RoC filing.

Filing

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the Offer Document in term of Regulation 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI at the Corporation Finance Department, Plot No. C-4A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. A copy of the Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC situated at Everest Building, 100, Marine Drive, Mumbai 400 002, Maharashtra.

Listing

The Equity Shares issued through the Draft Prospectus are proposed to be listed on the SME platform of BSE Limited. In-principle approval for listing of the Equity Shares of our Company from BSE has been received *vide* its letter dated [●]. BSE will be the Designated Stock Exchange with which the basis of allotment will be finalized.

If the permissions to deal in and for an official quotation of the Equity Shares is not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

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.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- a. makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- b. otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”*

Consents

We have obtained consents in writing of our Directors, our Company Secretary and Compliance Officer, the Lead Manager, the lenders to our Company, the legal counsel to the Issue, the Bankers to our Company, the Registrar to the Issue. Further, the Auditors has provided their consent to act as an expert in the form provided by the ICAI under the Institute of Chartered Accountant's Guidance Note on Reports in Company Prospectuses. We will obtain consents in writing of the Market Maker(s), Refund Bank(s) and the Banker(s) to the Issue / Escrow Collection Bank(s) to act in their respective capacities. These consents will be filed along with a copy of the Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act.

In accordance with the Companies Act and the SEBI Regulations, MNRD & Associates, Chartered Accountants our statutory auditors have agreed to provide their respective written consents for inclusion of their name, report on financial statements and report relating to the possible general and special tax benefits, as applicable, accruing to our Company and its shareholders, in the Draft Prospectus in the form and context in which they appear in the Draft Prospectus.

Further, such consent and report will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

Expert Opinion

Except for (a) Statutory Auditors' reports on the restated financial statements; and (b) Statement of Tax Benefits by the statutory auditors, MNRD & Associates, Chartered Accountants (a copy of the said report and statement of tax benefits has been included in the Draft Prospectus), we have not obtained any other expert opinions.

Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹ 50 lacs. The expenses of the Issue include, among others, underwriting and Issue management fees, Market Making fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated issue expenses are as under:

(₹ in lacs)				
Sr. No.	Description	Estimated expense*	% of Issue Expenses*	% of Issue Size
1	Issue management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	35.00	70.00%	10.00%
2	Printing & Stationery, Distribution, Postage, etc	5.00	10.00%	1.43%
3	Advertisement & Marketing Expenses	5.00	10.00%	1.43%
4	Regulatory & other expenses	3.00	6.00%	0.86%
5	Other Misc expenses	2.00	4.00%	0.57%
Total estimated Issue Expenses		50.00	100.00%	14.29%

Details of Fees Payable

Fees Payable to the Lead Manager

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding dated July 09, 2013 executed between our Company and the Lead Manager, the copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Agreement signed by our Company and the Registrar to the Issue dated September 01, 2012, a copy of which is available for inspection at our Registered Office.

Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

Fees Payable to Others

The total fees payable to the Legal Advisor, Auditor, Credit Rating Agency and Advertiser, etc. will be as per the terms of their respective engagement letters.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

The underwriting commission and selling commission for this Issue is as set out in the Underwriting Agreement to be entered into between our Company and the Lead Manager. The underwriting commission shall be paid as set out in the Underwriting Agreement to be entered into based on the Issue Price and amount underwritten in the manner mentioned in the Prospectus. Payment of underwriting commission, brokerage and selling commission would be in accordance with applicable laws.

Previous Rights and Public Issues during the Last Five Years

We have not made any previous rights and/or public issues during the last five years, and are an “Unlisted Issuer” 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 Shares otherwise than for Cash

Except as stated in the chapter titled “*Capital Structure*” on page number 34 of the Draft Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage on Previous Issues

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Particulars in regard to our Company and other listed companies under the same management within the meaning of Section 370 (1B) of the Companies Act which made any capital issue during the last three years:

None of the equity shares of our Group Entities are listed on any recognized stock exchange:

None of the above companies have raised any capital during the past 3 years**Promise versus performance for our Company**

Our Company is an “Unlisted Issuer” in terms of the SEBI ICDR Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations. Therefore, data regarding promise versus performance is not applicable to us.

Outstanding debentures, bonds, redeemable preference shares and other instruments issued by our Company

As on the date of the Draft Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

Option to Subscribe

Equity Shares being offered through the Draft Prospectus can be applied for in dematerialized form only.

Stock Market Data for our Equity Shares

Our Company is an “Unlisted Issuer” in terms of the SEBI ICDR Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar and us will provide for retention of records with the Registrar for a period of at least one year 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 this Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar with a copy to the Company Secretary and Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated

Branch or the collection centre of the SCSB where the Bid-cum-Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances. We estimate that the average time required by us or the Registrar to this Issue for the redressal of routine investor grievances will be 12 Working 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.

We have constituted the Shareholders/ Investors Grievance Committee of the Board *vide* resolution passed at the Board Meeting held on December 19, 2012. For further details, please refer to the chapter titled “*Our Management*” beginning on page number 83 of the Draft Prospectus.

Our Company has appointed Jitendra Tiwari as the Company Secretary and Compliance Officer and he may be contacted at the following address. :

Subh Tex (India) Limited

18, Surti Chamber

2nd Dhobi Talao Lane

Mumbai - 400 002, Maharashtra

Tel: +91 22 2203 6030 / 2203 6028

Email: subhtexindia@gmail.com

Website: www.subhtexindia.com

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

Changes in Auditors during the last three financial years

There have been no changes in the statutory auditors of our Company in the past three years, except that M/s. MNRD & Associates, Chartered Accountants, were appointed the statutory auditors of our Company in place of the retiring statutory auditors M/s. Jain Anil & Associates, Chartered Accountants w.e.f. September 20, 2011, who has expressed their inability to continue as the statutory auditor due to preoccupation.

Capitalisation of Reserves or Profits

Save and except as stated in the chapter titled “*Capital Structure*” beginning on page number 34 of the Draft Prospectus, our Company has not capitalized its reserves or profits at any time since inception.

Revaluation of assets

Our Company has not revalued its assets since incorporation.

SECTION VII - 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.

Ranking of Equity Shares

The Equity Shares being issued in the Issue shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer to the section titled “Main Provisions of Articles of Association” beginning on page number 181 of the 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 dividend, if declared, to our Shareholders as per the provisions of the Companies Act and our Articles of Association.

Face Value and Issue Price per Share

The face value of the Equity Shares is ₹ 10 each and the Issue Price is ₹ 10 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 Issue Price” beginning on page 50 of the Draft Prospectus. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI ICDR Regulations

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

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 subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled “*Main Provisions of Articles of Association*” beginning on page number 181 of the 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.

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the existing SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form for all investors.

The trading of the Equity Shares will happen in the minimum contract size of 10,000 Equity Shares and the same may be modified by 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 10,000 Equity Share subject to a minimum allotment of 10,000 Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 10,000 Equity Share subject to a minimum allotment of 10,000 Equity Shares to the successful applicants.

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.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint – tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, 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 our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) 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.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change 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 our Company does not receive the 100% subscription of the offer through the Offer Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days, after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act.

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.

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.

Arrangements for Disposal of Odd Lots

The trading of the equity shares will happen in the minimum contract size of 10,000 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.

Application by Eligible NRIs, FIIs registered with SEBI, VCFs registered with SEBI and QFIs

It is to be understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or VCFs or QFIs. Such Eligible NRIs, QFIs, FIIs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

As per the extant policy of the Government of India, OCBs cannot participate in this Issue.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Issue Equity Shares and Promoters' minimum contribution in the Issue as detailed in the chapter "*Capital Structure*" beginning on page number 34 of the Draft Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled "*Main Provisions of the Articles of Association*" beginning on page number 181 of the Draft Prospectus.

Option to receive Equity Shares in Dematerialized Form

Investors should note that Allotment of Equity Shares to all successful Applicants will be in the dematerialized form. Applicants will have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Migration to Main Board

Our Company may migrate to the main board of BSE from the SME Platform 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, wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Makers of the SME Platform for a minimum period of three years from the date of listing of shares offered through this Prospectus. For further details of the agreement entered into between the Company, the Lead Manager and the Market Maker please see “General Information – Details of the Market Making Arrangements for this Issue” beginning on page 28 of the 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 SME Platform of BSE, which the Company shall apply for after Allotment and
- (ii) The final RoC approval of the Prospectus after it is filed with the RoC. In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper.

Issue Program:

Bidding / Issue Period:

ISSUE OPENS ON	[●]
ISSUE CLOSES ON	[●]

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).

The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

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, shall 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 157 and 164 of this Prospectus.

Particulars	Net Issue to Public [^]	Market Maker reservation portion
Number of Equity Shares*	33,20,000 Equity Shares	1,80,000 Equity Shares
Percentage of Issue Size available for allocation	94.86% of the Issue Size	5.14% of the Issue Size
	30.18% of the Post Issue Paid up Capital	1.64% of the Post Issue Paid up Capital
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate subject to minimum allotment of 10,000 Equity Shares and further allotment in multiples of 10,000 Equity Shares each. For further details please refer to the section titled “ <i>Issue Procedure–Basis of Allotment</i> ” on page 169 of the Draft Prospectus.	Firm Allotment
Mode of Application	For QIB and NII Applicants the application must be made compulsorily through ASBA mode. Retail Individual Applicants may apply through the ASBA or the Physical Form.	Through ASBA mode
Minimum Application Size	<u>For QIB and NII:</u> Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Value exceeds ₹ 2,00,000 <u>For Retail Individuals:</u> 10,000 Equity Shares	1,80,000 Equity Shares
Maximum Bid	<u>For QIB and NII:</u> Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Size does not exceed 33,20,000 Equity Shares <u>For Retail Individuals:</u> Such number of Equity Shares in multiples of 10,000 Equity Shares such that the Application Value does not exceed ₹ 2,00,000	1,80,000 Equity Shares
Mode of Allotment	Physical or dematerialized mode	Compulsorily in dematerialized mode
Trading Lot	10,000 Equity Shares	10,000 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	Entire Application Amount shall be payable at the time of submission of Application Form. In case of ASBA Applicants, the SCSBs shall be authorized to block such funds in the bank account of the Applicant that are specified in the ASBA Application Form.	

[^]50 % of the shares offered in the Net Issue to Public portion are reserved for applications whose value is below ₹ 2,00,000 and the balance 50 % of the shares are reserved for applications whose value is above ₹ 2,00,000.

Withdrawal of the Issue

In accordance with the SEBI ICDR Regulations, our Company, in consultation with Lead Manager, reserves the right not to proceed with this Issue at any time after the Issue Opening Date, but before our Board meeting for Allotment, without assigning reasons thereof. If our Company withdraws the Issue after the Issue Closing Date, we will give reason thereof within two days by way of a public notice which shall be published in the same newspapers where the pre-Issue advertisements were published.

Further, the Stock Exchanges shall be informed promptly in this regard and the Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Applicants within one Working Day from the date of receipt of such notification. In case 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 offer document with the stock exchange where the Equity Shares may be proposed to be listed.

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.

Issue Programme

ISSUE OPENS ON		[●]
ISSUE CLOSES ON		[●]

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 Centers 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)(2) 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 in dematerialized form. Applicants will 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 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 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 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 Centres 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.

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 Fund 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 1,10,00,000 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 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 10,000 Equity Shares and in multiples of 10,000 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 10,000 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 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 10,000 equity shares the allotment will be made as follows:
 - a) Each successful applicant shall be allotted 10,000 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 10,000 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 10,000 equity shares subject to a minimum allotment of 10,000 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 10,000 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 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.

However, if the retail individual investor category is entitled to more than fifty per cent. on proportionate basis, the retail individual investors shall be allocated that higher percentage.

'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 ₹ 10 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/ Stockinvest/ 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: "STIL – Public Issue - R".
 - In case of Non Resident Retail Applicants applying on repatriation basis: "STIL – 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:

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 manually for age, signature and father/ husband's name to determine if they are multiple applications

- i. 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.
- ii. 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 10,000;
- Category not ticked;
- Multiple Applications as defined in this 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 July 09, 2013 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 centres 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 centres 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 centres, 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 centres where such facility has been made available and whose refund amount exceeds ₹ 10.00 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the 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 centres 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 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. In case 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 offer document with the stock exchange where the Equity Shares may be proposed to be listed. 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 January 31, 2013 between NSDL, the Company and the Registrar to the Issue;
- (b) Agreement dated February 04, 2013 between CDSL, the Company and the Registrar to the Issue;

The Company's shares bear an ISIN No. INE427O01018

- 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 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 stockinvest, 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.

Interest in Case of Delay in Despatch of Allotment Letters or Refund Orders/instruction to Self Certified Syndicate Banks by the Registrar in Case of Public Issues

The issuer agrees that as far as possible allotment of securities offered to the public shall be made within fifteen days of the closure of public issue. The issuer further agrees that it shall pay interest at the rate of fifteen per cent. per annum if the allotment letters or refund orders have not been despatched to the applicants 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 within fifteen days from the date of the closure of the issue. However applications received after the closure of issue in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated primarily by the FEMA and the policy prescribed by the Department of Industrial Policy and Promotion, Government of India through circular 2 of 2011 with effect from October 1, 2011 (“FDI Policy”). While the FDI Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the FDI Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The Government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

In terms of the Consolidated FDI policy (effective from April 10, 2012), issued by the Department of Industrial Policy and Promotion, 100% foreign direct investment in the Company is permitted.

Subscription by foreign investors (NRIs/FIIs)

FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/ RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association. Certain defined terms used in the Articles of Association are set forth below. All other defined terms used in this section have the meaning given to them in the Articles of Association.

The Authorised capital of our Company is ₹ 20,00,00,000 divided into ₹ 2,00,00,000 Equity Shares of ₹ 10 each.

SHARE CAPITAL

4. The Authorised Share Capital of the Company is as laid down in Clause V of Memorandum of Association of the Company.
5.
 - a) The Company in general meeting may, from time to time by Ordinary Resolution increase the authorised share capital by the creation of new shares, such increase to be of such aggregate amount and of such classes & to be divided into shares of such respective amounts as the resolution shall prescribe.
 - b) Subject to the provisions of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the Company in general meeting shall prescribe, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company in conformity with Sections 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Sections 97 of the Act.
6. Except, so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained with reference to the payment of calls and installment, forfeiture, lien, surrender transfer and transmission voting and otherwise.
7. Subject to the provisions of Section 80 of the Act any such new shares may be issued as preference shares which are or at the option of the Company are to be liable to be redeemed, and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption subject however to the following conditions :
 - a) no such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of fresh issue of shares made for the purpose of redemption.
 - b) no such shares shall be redeemed unless they are fully paid up.
 - c) the premium, if any payable on redemption shall have been provided for out of the profits of the company or the company's share premium account before the shares are redeemed.
 - d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the Share Capitals of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
 - e) Subject to the provisions of Section 80 of the Act, the redemption of preference share here under may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf in such manner as the Directors determine.
 - f) Whenever the Company shall redeem any Redeemable Preference Shares, the Company shall, within one month thereafter, give notice thereof to the Registrar of Companies as required by Section 95 of the Act.
8. Subject to the provisions of Section 78, 80 and 100 to 105 of the Act, the Company may from time to time, by Special Resolution reduce its capital 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. The Article is not to derogate from any power the Company would have it if were omitted.
9. Subject to the provisions of Section 94, the Company shall have power to alter the condition of its Memorandum of Association as follows, that is to say, it may by Ordinary Resolution:
 - i) increase its share capital by such amount as it thinks expedient by issuing new shares;

- ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
- iii) convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination.
- iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, so however, that in the subdivision 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.
- v) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

- 10. The company in general meeting may convert any paid up shares into stock; and when any shares shall have been converted into stock, auditorium several holders of such stock may hence forth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as and subject to which shares from which the stock arise might have been transferred, if no conversion and taken place, or as near thereto as circumstance will admit. The company may at any time reconvert any stock into paid up shares of any denomination.
- 11. The holders of stock shall according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meeting of the company and other matters as if they held the shares form which the stock arise, but no such privileges or advantages (except participation in the dividends and profits of the company and in the assets of winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

MODIFICATION OF CLASS RIGHTS

- 12. If at any time the share capital by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, and whether or not the Company is being wound up, be varied modified abrogated or dealt with, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class and all the provisions contained in these Articles as to general meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.
- 13. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly prohibited by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

SHARES

- 14. The shares in the capital shall be numbered progressively according to their several denominations, provided however that the provision relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised and except in the manner hereinbefore mentioned, no share shall be subdivided.
 - a) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:
 - (i) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;
 - (ii) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
 - (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
 - (iv) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.

- b) Notwithstanding anything contained in sub-clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (a) hereof) 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 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 members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.
- c) Nothing in sub-clause (iii) of (a) hereof shall be deemed:
- (i) To extend the time within which the offer should be accepted; or
 - (ii) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- d) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company:
- (i) To convert such debentures or loans into shares in the company; or
 - (ii) To subscribe for shares in the company
- PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:
- (i) Either has been approved by the central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
 - (ii) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.
15. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.
16. Any application signed by the applicant for shares in the Company, followed by an allotment; of any share therein shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purpose of the Act and these Articles, be a Member of the Company.
17. The money (if any) which the Board of Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the Register as the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
18. Every member of his heirs, executor or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner as the Board of Directors shall from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.

BUY BACK OF SHARES

19. Subject to the provisions of the Act, the Company may pass special resolution in general meeting for the purpose of buy-back or purchase of its own shares out of the moneys forming part of its free reserves; or out of the securities premium account; or out of the proceeds of any shares or other specified securities. The buy back of shares shall be effected in accordance with provision of section 77A and 77B of the Act and rules prescribed the Central Government or by Securities and Exchange Board of India in this regard.

SHARE CERTIFICATE

- 20.
- a) A certificate with Common Seal of the Company specifying any shares held by any Member shall be prima facie evidence of the title of the Member to such shares.
 - b) The certificates of title to shares shall be issued under the Seal of the Company which shall be affixed in the presence of and signed by (i) Two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney; and (ii) the Secretary or some other persons - appointed by the Board for the purpose; provided that if the composition of the Board permits of it a least one of the aforesaid two Directors shall be a person other than a Managing Director or Whole-time Director. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography. PROVIDED ALWAYS that notwithstanding anything contained in this Articles the certificates of title to shares may be executed and issued in accordance with such other provision of the Act or the Rules made thereunder as may be in force for the time being and from time to time.
 - c) Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act and to offer its shares, debentures and other securities for subscription in a dematerialise form. The Company shall further be entitled to maintain a Register of Members and Register of Debenture holders holding shares, debentures or other securities both in material and dematerialised form in any medium as permitted by law including any form of electronic medium.
- 21.
- a) Every member or allottee of Shares shall be entitled without payment to receive one certificate or more certificates in marketable lots for all the shares registered in his name. For every further certificate the Board of Directors shall be entitled but shall not be bound to prescribe a charge not exceeding one rupee. Every certificates of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.
 - b) The Company shall unless the conditions of issue otherwise provide, within three months after the allotment of any of its shares or debentures and within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any such shares or debentures complete and have ready for delivery the certificate of all shares and debentures allotted or transferred, transmitted, sub-divided, consolidated or renewed.
22. The Company may issue such fractional certificate as the Board of Directors may approve in respect of any of the shares of the Company on such terms as the Board of Directors think fit as to the period within which the fractional certificates are to be converted into share certificates.
23. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the company.

24. If any share stands in the name of two or more persons, the person first named in the Register shall as regards receipt of dividends or cash bonus, or service of notices or any other matter connected with the Company except voting at meeting and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares and for all incidents thereof accordingly to the Company's regulations.
25. The certificate of shares registered in the name of two or more persons shall be delivered to the persons first named in the Register.
- 26.
- a) Notwithstanding anything contained in Section 153 of the Act, any person whose name is entered in the Register of Members of the Company as the holder of the share in the Company, but does not hold the beneficial interest in such share, shall, within such time and in such form, as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person who holds the beneficial interest in such share.
 - b) Where any declaration is made to the Company, as aforementioned the Company shall make a note as such declaration, in its register of members and shall file, within thirty days from the date of receipt of the declaration by it a return to the prescribed form with the Registrar with regard to such declaration.
 - c) The Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the Beneficial Owner of shares in the records of the Depository, as the absolute owner thereof, and accordingly, shall not except as ordered by a Court of competent jurisdiction or by statute or the Act required, be bound to recognise any equitable beneficial or other claim to or interest in such share on the part of any other person.
27. No member who shall change his name or who, being a female, shall marry, shall be entitled to recover any dividend or to vote in the name other than the one registered with the Company, until notice of the change of name or of marriage, respectively, is given to the Company in order that the same be registered after production of satisfactory evidence.
28. Save as otherwise provided by Section 77 of the Act, the funds of the Company shall be applied in the purchase of or in lending on security of any share of the Company.

UNDERWRITING, BROKERAGE AND COMMISSION

- 29.
- a) Subject to the provisions of Section 76 of the Act of the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolute or conditionally) or procuring or agreeing to procure subscriptions (whether absolute or conditionally) for any shares or debentures of the Company, such commission shall not exceed 5% on the nominal value of the share or 2.5% on the nominal value of debentures in each subscribe or to be subscribed.
 - b) The Company may also, on any issue of shares or debentures pay such brokerage as may be lawful.

INTEREST OUT OF CAPITAL

30. Where any shares are issued for purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant, which cannot be made profitable for a lengthy period of Company:
- a) may pay interest on so much of that share capital and is for the time being paid up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act; and
 - b) may charge the same to the capital as part of the cost of construction of the work or building or the provision of the plant.

CALL

31. Subject to the provisions of Section 91 of the Act, the Board of Directors may, from time to time by a Resolution passed at a meeting of the Board make such calls as may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board. A call may be made payable by installments. Option or right to Call of Shares shall not be given to any person or persons without the sanction of the Company in General Meeting.
32. Not less than fifteen days' notice of any call shall be given by the company specifying the time and place of payment, and the person or persons to whom such calls shall be paid; provided that before the time for payment of such call the Board of Directors may by notice in writing to the members, revoke the same or extend the time for

payment thereof.

33. If by the terms of issue of any shares or otherwise any amount is made payable at any fixed time or by installment at fixed times (whether on account of the amount of the share capital or by ways of premium) every such amount or installment shall be payable as if were a call duly made by the Board of Directors and of such due notice had been given and all the provisions herein contained in respect of calls shall relate and apply to such amount or premium or installment accordingly.
34. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors.
35. If the sum payment in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being of the shares in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate of nine per cent per annum from the date appointed for the payment thereof to the time of the actual payment, or at such other rate as the Board of Directors may from time to time determine. The Board of Directors may however in their absolute discretion forego payment of any interest wherein their opinion the circumstances so justify.
36. On the trial or hearing of any action or suit brought by the company against any member or his representatives for the recovery of any money claimed to be due to the company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears enter on the Register of Members of the Company as the holder, at or subsequently to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered: that the resolution making the call is duly recorded in the minute book, and that notice of such call duly given to the member or his representative 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 of Directors was present at the Board at which may call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
37. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.
38. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

FOREFEITURE AND LIEN

39. If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter while the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that have been incurred by the Company by reason of such non-repayment.
40. The notice shall name the day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of the nonpayment at or before the time and at the place appointed, the shares in respect of which the calls was made or installment is payable, will be liable to be forfeited.
41. If the requisitions of any such notice as aforesaid are not complied with, any shares in respect of which such notice has been given may, at any time thereafter and before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
42. When any share shall have been so forfeited notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be

made in the Register.

43. Any share so forfeited, shall be deemed to be the property of the Company, and may be sold, re - allotted or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board of Directors may think fit.
44. The Board of Directors may, at any time before any share so forfeited shall have been sold, re - allotted or otherwise disposed of annual the forfeiture thereof upon such conditions as it think fit.
45. Any member whose share shall have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at such rate not exceeding 9 per cent per annum or such other rate as the Board of Directors may determine, and the Board of Directors may enforce the payment thereof, or any part thereof, if it thinks fit.
46.
 - a) The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.
 - b) A declaration in writing that the declarant is a Director or Secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.
47. That fully paid shares / debentures shall be free from all lien. The company shall have a first and paramount lien upon all the shares / debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
48. For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as they think fit; but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served as provided for service of documents in these Articles on such members, his heirs, executors or administrators and default shall have been made by him or them in the payment, fulfillment, or discharge of such debts, liabilities, or engagements for seven days after such notice. To give effect to any such sale, the Board may authorise some person to execute an instrument of transfer in respect of the shares sold and to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale aforesaid the certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in lieu thereof to the Purchaser or purchasers concerned.
49. The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards satisfaction of the debts, liabilities, or engagements of such member and the residue (if any) or the short fall (if any) shall be paid to or recovered from him, his heirs, executors, administrators or assignees, as the case may be.
50.
 - a) Upon any sale after forfeiture or the enforcing a lien in purported exercise of the powers hereinabove given, the Board of Directors may cause the Purchaser's name to be entered in the Register in respect of the shares sold, and the Purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale and of the entry in the Register in respect of the shares sold shall not be impeached by any person, and the remedy (if any) of any person aggrieved by the sale be in damages only and against the Company exclusive.
 - b) Upon any sale, re-allotment or other disposal under the provisions of the proceedings Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect where any shares under the powers in that behalf herein contained are sold by the Board of Directors and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board of Directors may issue a new certificate for such shares distinguishing it in such manner as it may think fit from the certificate not so delivered up.
51. The provisions of the Articles as to forfeiture shall apply in the case of non-payment of any sum which by terms of the issue of a share becomes payable at a fixed time, whether on account of the amount of the share or by way of

premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER AND TRANSMISSION OF SHARES

- 52 The Company shall keep a book, to be called “Register of Transfer”, and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of shares.
- 53 No transfer shall be registered unless a proper instrument of transfer has been delivered to the Company in the prescribed form and in accordance with the provisions of the Act. There shall be a common form of transfer for shares. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. Every such instrument of transfer shall be duly stamped and executed both by the transferor and the transferee and attested. The transferor shall be deemed to remain the holder of such shares until the name of the transferee shall have been entered in the Register in respect thereof.
- 54
- a) Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. Provided that the 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 where the Company has a lien on shares.
 - b) The Board of Directors shall be entitled to decline to register more than three persons as the Joint holders of any shares.
 - c) No transfer shall be made to a person of unsound mind or a partnership firm.
- 55 The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.
- Provided however, that where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered, the Company shall:
- a) transfer the dividend in relation to such shares to the special account referred to in Section 203 A unless the Company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer: and
 - b) keep in abeyance to relation to such shares any offer of rights shares under clause (a) of the sub-section (1) of section 81 and of any issue of fully paid-up bonus shares in pursuance of sub-section (3) of Section 205.
- 56
- a) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the certificate or certificates of the shares to be transferred, and such other evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe.
 - b) Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors. But any instrument of transfer which the Board of Directors may decline to register shall, on demand, be returned to the person depositing the same.
- 57 No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
- 58 The Board of Directors shall have power of giving not less than seven days previous notice by advertisement in some newspaper circulating in the state in which the Company’s Registered Office is situated to close the Register of transfer, the Register of Members and/ or the Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as the Board may deem expedient.
- 59 The executors or administrators of a deceased member shall be the only persons recognised by the Company as having any title to his share except in case of joint holders, in which case the surviving holder or holders or the executors or administrators of the last surviving holders shall be the only persons entitled to be recognised; but

nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him. The Company shall not be bound to recognise such executor or administrator unless he shall have first obtained Probate or Letters of Administration or other legal representation as the case may be, from a duly Constituted Court in India to grant such Probate or Letters of Administration. Provided nevertheless that in cases, which the Board in its discretion consider to be special cases and in such cases only, it shall be lawful for the Board of Directors to dispense with the production of Probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity publication of notice or otherwise as the Board of Directors may, deem fit.

60 Subject to the provisions of these Articles any person becoming entitled to shares in consequence of the death, lunacy, 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 of Directors (which the Board shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article, or of his title, as the Board of Directors think sufficient, be registered as a member in respect of such shares, or may, subject to the regulations as to transfer hereinabove contained, transfer such shares. This clause is hereinafter referred to as “The Transmission Clause”.

61 The Board of Directors shall have the same right to refuse to register a person entitled by the transmission to any shares or his nominee, as if he were the transferee named in any ordinary instrument of transfer presented for registration.

62 The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of a persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book or record of the Company, and the Company shall not be bound or required to regard to attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, notwithstanding that the notice may have been entered in or referred to in some book or record of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

63 The provision of these Articles shall mutatis mutandis apply to the transfer of or the transmission by operation of law the right to Debentures of the Company.

64

- a) In case of transfer of shares or any other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provision of the Depositories Act shall apply.
- b) The provisions relating to instrument of transfer shall not apply to the shares of the Company which have been dematerialized.

DEMATERIALISATION OF SHARES

65

- a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its securities held in the Depositories and / or offer its Securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996.
- b) Notwithstanding anything contained in the sub-sec (1) of Section 113 of the Act, where the Securities are dealt with in a Depository, the Company shall intimate the details thereof to the Depository immediately on the allotment of such Securities as far as practicable.
- c) All securities held by a depository shall be dematerialised and be in fungible form.
- d) Notwithstanding anything 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 by a Depository. No certificate shall be issued for the Securities held by Depository.
- e) Notwithstanding anything contained in these Articles, in the case of transfer or transmission of the Securities where the Company has not issued any certificates and where such Securities are being held in electronic and fungible form by a Depository, the provisions of the Depositories Act, 1996 shall apply. The Company shall not be required to maintain “Register of Transfers” for entering particulars of transfer and transmission of securities in dematerialised form.
- f) Notwithstanding anything contained in the Act or in these Articles, a Depository shall be deemed to be

the registered owner for the purpose of effecting transfer of ownership of Securities on behalf a Beneficial Owner. Save as otherwise provided herein above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it, and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all liabilities in respect of its Securities held by a Depository.

- g) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the Securities in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami, trust or equitable, contingent, future, or partial interest in any Security or (Except only as is by these Articles otherwise expressly provided) any right in respect of a Security other than absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof.
- h) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as Beneficial owners in the records of Depository.
- i) Notwithstanding anything contained in the Act or in these Articles, the Company can hold investments in the name of a Depository when such investments are in the form of Securities held by the Company as Beneficial Owner.
- j) The Company shall caused to be kept a Register and Index of Members in accordance with Section 150, 151 of the Act and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of members for the purpose of the Act. The Company shall have the power to keep in any State or Country outside India a branch Register of Members resident in that State or Country”.

BORROWING POWERS

66

- a) Subject to the provisions of Sections 58A, 58B, 292 and 293 of the Act, and these Articles, the Board of Directors may from time to time at its discretion by a resolution passed by a Meeting of the Board, accept deposits from the public and may generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for the specific purpose) the Board of Directors shall not borrow such moneys without the consent of the Company in general meeting.
- b) The Company may invite or renew either from the public or from its members deposits upto the limit and in the manner and subject to the rules and conditions prescribed by the Central Government as contemplated by Sections 58A and 58B of the Act.

67

Subject to the provisions of the Act and these Articles the payment or payment of moneys borrowed aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board of Directors may think fit, and in particular, pursuant to a Resolution passed at a meeting of the Board (and not passed by a circular resolution) by the issue of bonds perpetual or redeemable debentures or debenture-stock of the Company, or any mortgage or charge or other security upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being.

68

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a Special Resolution.

69

- a) If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Board of Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed or, if permitted by the Act may, by instrument under the Company's Seal, authorise the person in whose favour such mortgage or security is executed or any other person in Trust for him, to make calls on the members in respect of such uncalled capital, and the provisions hereinbefore contained in regard to calls, shall, mutatis, mutandis, apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and other presently or contingently and

either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.

- b) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled, by notice to the shareholders or otherwise, to obtain priority over such prior charge.

- 70 Subject to the provisions of the Act and these Articles if the Directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company by reason of furnishing any guarantee or otherwise the Directors 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 ways of security or indemnity to secure the Directors or persons so becoming liable as aforesaid from and against any loss in respect of such liability arising out of the said guarantee.

GENERAL MEETING

- 71 The Annual General Meeting shall be held in accordance with section 166 of the Act and shall be called for 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 where the Registered Office of the Company is situated as the Board of Directors may determine and the notice calling the meeting shall specify it as the Annual General Meeting.

- 72 Every member of the Company shall be entitled to attend every general meeting either in person or by proxy, and the Auditor of the Company shall have the right to attend and to be heard at any general meeting on any part of the business which concerns him as Auditor.

- 73 At every Annual General Meeting of the Company there shall be laid on the table the Director's Reports and audited statement of accounts, auditor's report (if not already incorporated in the audited statement of accounts), the proxies lodged and the Register of Director's holdings maintained under Section 307 of the Act. The Auditor's report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

- 74 All General Meetings other than Annual General Meetings shall be called Extra ordinary General Meeting.

- 75 The Board may, whenever it thinks fit, call an Extra Ordinary General Meeting. If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, any Director may call on Extraordinary General Meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board at such time and place as he may determine.

- 76 The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in sub-section (4) of Section 169 of the Act, forthwith proceed duly to call an Extraordinary General Meeting of the Company, and in respect of any such requisition and of any meeting to be called pursuant thereto, all the other provisions of Section 169 of the Act and of any statutory modification of reenactment thereof for the time being shall apply.

- 77 A General Meeting of the Company may be called by giving not less than 21 days notice in writing. However, a General Meeting may be called after giving a shorter notice than 21 days, if consent is accorded thereto :-

- 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 95 per cent of such part of the paid-up share capital of the Company as gives them a right to vote at that meeting.

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be passed at the meeting and not on the others, those members shall be taken into account for the purpose of this Article in respect of the former resolutions but not in respect of the latter.

- 78 Every notice of a meeting of the Company shall specify the place, the date and hour of the meeting, and shall contain a statement of the business to be transacted thereat. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been specially mentioned in the notice or notices upon which it was convened.

- 79 a) In the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special, with the exception of business relating to :-

- i) the consideration of the accounts, balance sheet and profit and loss account and the reports of the Board of Directors and of the auditors.
- ii) the declaration of a dividend;
- iii) the appointment of Directors in the place of those retiring; and

- iv) the appointment of and, the fixing of the remuneration of the auditors;
 - v) In the case of any other meeting all business shall be deemed special.
- b) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid; there shall be annexed to the notice of the meeting a statement setting out all material facts regarding each such item of business including in particular, the nature and extent of the interest if any, therein of every Director and the Manager, if any, of the Company.
- Provided, that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects any other Company, the extent of shareholding interest in that other Company, of every Director and the Manager, if any, of the Company shall also be set out in the explanatory statement, if the extent of such shareholding interest is not less than twenty per cent of the paid-up share capital of that other Company.
- c) Where any item of business to be transacted at any general meeting of the Company consists of the according of approval of any document, the time and place where the document can be inspected shall be specified in the statement aforesaid.
- 80 A document may be served by the Company on any member thereof either personally, or by sending it by post to his registered address, or if he has no registered address in India, to the address if any, within India supplied by him to the Company for the giving of notice to and serving of documents on him. Notice shall be given to the persons entitled to the share in consequence of the death or insolvency of a member, by sending through the post in a pre-paid letter, addressed to them by name or by the title of the representatives of the deceased or Assignees of the insolvent or by any like description, at the address in India, if any, supplied for the purpose by the persons claiming to be so entitled or, unless such an address has been so supplied, by giving the notice in any manner in which it might have been if the death or insolvency had not occurred. Provided that where the notice of a Meeting is given by advertising the same in a newspaper circulating in a neighborhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the explanatory statement need not be annexed to the notice as required by Section 173 of the said Act, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the company.
- 81 Notice of every meeting of the Company shall be given to the Auditor or Auditors for the time being of the Company, in any manner set out as above for giving notice to any member or members of the Company.
- 82 The accidental omission to give notice of any meeting to or the non receipt of any notice by any member or their person to whom it should be given shall not invalidate the proceedings at the meeting.
- 83 Where by any provision contained in the Act or in these Articles, special notice is required of any resolution, notice in respect of the same shall be given to the Company and by the Company as provided in Section 190 of the Act.
- 84 The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Act and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company.

VIDEO CONFERENCING AND TELE-CONFERENCING

- 85 The Company may hold the meeting of its Board of Directors and committees through video conferencing and tele-conferencing subject to the provisions of the Act as may be applicable from time to time.

PROCEEDINGS OF GENERAL MEETINGS

- 86 Five members personally present shall be a quorum for a General Meeting. No business shall be transferred at any general meeting unless quorum requisite shall be present at the commencement of the business.
- 87 The Chairman and in the absence, the Vice Chairman if any, of the Board of Directors shall be entitled to take the chair at every General Meeting. If there be no such Chairman or if at any meeting he or the Vice-chairman, if any shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be Chairman and in default of their doing so, the members present shall choose a Director as Chairman, and if no Director is present or if all the Directors present decline to take the Chair, then the members present shall choose one of themselves to be Chairman.

If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of these Articles, the Chairman elected on a show of hands exercising all the powers of the Chairman for the

purpose of conducting the poll, under the said provisions. If some other person is elected Chairman as result of the poll, he shall be Chairman for the rest of the meeting.

88

- a) If within half an hour from the time appointed for the meeting of the Company a quorum is not present, the meeting, if convened upon the requisition of members, shall stand dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day, time and place as the Board may determine.
- b) If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, those members who are present shall be a quorum and may transact the business for which the meeting was called.

89

Every question submitted to a General Meeting and every resolution in to the vote at a General Meeting, unless a poll is demanded as hereinafter provided, be in the first instance decided by a show of hands.

90

A declaration by the Chairman that on a show of hands a resolution has 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.

91

- i) At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of voting on the show of hands) ordered to be taken by the Chairman of the meeting of his own motion, or is ordered to be taken by him on a demand being made in that behalf by any member or members present to person or by proxy and holding shares in the Company;
 - 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) on which an aggregate sum of not less than rupees fifty thousand has been paid up.
 A declaration by the Chairman that a resolution has, on show of hands, been carried unanimously or by a particular majority, or lost and an entry to the effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without further proof of the number or proportion of the votes recorded in favour of or against that resolution.

92

- ii) A demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person who made the demand.
- i) A poll demanded on a question of adjournment shall be taken forthwith.
- ii) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in the Articles 86 hereof) shall be taken at such time not being later than forty-eight hours from the time when the demand was made, as the Chairman may direct.

93

The Chairman of a General Meeting may, with the consent of the Meeting, adjourn the same from time to time and from place to place, but not business shall be transacted at any adjourned meeting other than business left unfinished at the meeting at which the adjournment took place.

94

On a poll taken at a meeting of the Company, a member entitled for 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.

95

- i) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.
- ii) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineers arising from such removal or from any other cause.
- iii) Of the two scrutineers, appointed under this Article one shall always be a member (not being as officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed.

96

- a) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting by show of hands. The Chairman present at the taking of a poll shall be the judge of the validity of every vote tendered at such poll.
 - b)
 - i) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which the poll shall be taken.
 - ii) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.
 - c) In the case of any equity of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to his own vote or vote to which he may be entitled as member.
- 97 Where a resolution is passed at an adjourned meeting of:
- a) The Company; or
 - b) the holders of any class of shares in the company; 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.
- 98 A copy of each of the following resolutions together with a copy of the statement of material facts annexed under Section 173 to the notice of the meeting in which such resolution has been passed, or agreements shall, be printed or typewritten and duly certified under the signature of a officer of the Company and filed with the Registrar within the time prescribed under the Act.
- a) Special Resolution
 - b) Resolutions which have been agreed to by all the members of the Company but which, if not so agreed to, would not have been effective for their purpose unless they had been passed as Special Resolutions;
 - c) Resolutions of the Board or agreements relating to the appointment, re-appointment or the renewal of the appointment or variations of the term of appointment of a Managing Director;
 - d) Resolutions or agreements which have been agreed to by all the members of any class of shareholders but which, if not so agreed to, would not have been effective for their purpose unless they had been passed by some particular majority and all resolutions or agreements which effectively bind all the members of any class of shareholders though not agreed to by all those members.
 - e) Resolutions requiring the Company to be would up voluntarily passed in pursuance of sub section 1 of Section 484 of the Act;
 - f) Resolutions passed by the Company according consent to the exercise by its Board of Directors of any of the powers under clause (a), clause(d) and clause (e) of subsection (i) of Section 293 of the Act;
 - g) Resolutions passed by the Company approving the appointments of sole selling agents under section 294 or 294AA of the Act;
 - h) Copies of the terms and conditions of appointment of a sole selling agent appointed under section 294 or of a sole selling agent other person appointed under section 294AA.
- A copy of every resolution which has the effect of altering the Articles of Association of the Company and a copy of every Agreement referred to in the above sub-clause (a), (d) and (e) shall be embodied in or annexed to every copy of the Articles issued after the passing of the resolution or the making of the agreement.
- 99 The company shall cause minutes of the proceedings of every general meeting to be entered in the book kept for the purpose and the minutes shall contain and include the matters specified in section 193 of the Act.
- 100 The books containing the aforesaid minutes shall be kept at the Registered office of the Company and be open to the inspection of any member without charge as provided in section 196 of the Act and any member shall be furnished with a copy of any minutes in accordance with the terms of that section.

VOTES OF MEMBERS

- 101 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 a body corporate also by a representative duly authorized under section 187 of the Act.
- 102 Subject to the provisions of the Act and these Articles upon a show of hand every member entitled to vote and present in person (including a body corporate present by a representative duly authorized in accordance with the provisions of Section 187 of the Act and Article 100) or by Attorney shall have one vote.
- 103 No member not personally present shall be entitled to vote on a show of hands unless such member is present by Attorney or unless such member is a body corporate present by a representative duly authorized under Section 187 of the Act in which case such Attorney or representative may vote on a show of hands as if he were a member of the Company.

- 104 Any person entitled under the Transmission Clause (Article 60 hereof) to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which the proposes to vote, he shall satisfy the Board of Directors or any person authorized by the Board of Directors in that behalf of his right to transfer such shares, unless the Directors shall have previously admitted his right to transfer such shares or his right to vote at such meeting in respect thereof.
- 105 Where there are joint registered holders of any shares, any one of such persons may vote at any meeting either personally or by Attorney duly authorized under Power of 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 personally present at any meeting then one of the said persons so present whose name stands first or higher on the Register in respect of such share shall alone be entitled to vote in respect thereof.
- 106
- a) Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote on a poll instead of himself, but a proxy so appointed shall not have any right to speak at the meeting.
 - b) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorized in writing or, if such appointer is a corporation, under its common seal or the hand of an officer of an attorney duly authorized by it.
- 107
- a) Every notice convening a meeting of the Company shall state that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.
 - b) A member presenting proxy shall be entitled to vote only on a poll.
- 108 The instrument appointing a proxy and the power of Attorney or other authority (if any) under which it is signed or a notarially certified copy thereof 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, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll, in default of which the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
- 109 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer shall have been received at the Registered Office of the Company or by the Chairman of the meeting at which the vote is given.
- 110 Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.
- 111 Every member entitled to vote at a meeting of the company according to the provisions of these Articles of any resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the company, provided not less than three days notice in writing to the intention so to inspect is given to the company.
- 112 No member shall be entitled to vote at any general meeting either personally or by proxy or as proxy for another member or be reckoned in a quorum while any call or other sum shall be due and payable to the company in respect of any the share of such member or in respect of any shares on which the company has or had exercised any right or lien.

DIRECTORS

- 113
- a) Until otherwise determined by a General Meeting, and approved by the Central Government and subject to Section 252 of the Act the number of Directors shall not be less than 3 (three) nor more than Twelve excluding any Debenture Director.
 - b) The First Directors of the Company were:
 1. Mr. Devanand Aswani
 2. Mr. Shyam Chawla
 3. Mr. Gulab Majithia
 4. Ms. Hansa Majithia

- 114 The Company shall, subject to the provisions of the Act, be entitled to agree with any person; firm or corporation that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the company may deem fit. Such nominee and their successor in office appointed under this Article shall be called Special Directors of the Company.

The Special Directors appointed under this Article shall be entitled to hold office until requested to retire by the Government, Financial Institution, person, firm or corporation who may have appointed them and will not be bound to retire by rotation or be subject to Article 128 and 129 of the Articles of Association of the Company. A Special Director shall also not require to hold any qualification shares. As and whenever a Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise, the Government, Financial Institution, person, firm or corporation who appointed such Special Director may appoint any other Director in his place. The Special Director may at any time by notice in writing to the Company resign his office. Subject as aforesaid, a Special Director shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the Company.

NOMINEE DIRECTOR

115

- a) Notwithstanding anything to the contrary contained in these Articles, so long as any 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), The Industrial Reconstruction Corporation of India Limited. (IRCI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Corporation of India(GIC), National Insurance Company Limited (NIC), The Oriental Fire and General Insurance Limited(OFGI), The New India Assurance Company Limited (NIA), United India Insurance Company limited (UI) or a State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or by Government or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Articles referred to as “the Corporation”) out of any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any 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 persons as a Director or Directors, whole-time or non- whole-time (which Director or Directors is/are hereinafter, referred to as “Nominee Director/s”) on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place(s).
- b) The Board of Directors 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 Director/s. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.
- c) 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 holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising 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 the Guarantee furnished by the Corporation.
- d) The Nominee Director/s appointed under this Article shall be entitled to receive all notice 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 also be entitled to receive all such notice and minutes.
- e) 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 from is payable to the Directors of the Company, the fees, commissions, 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 Director/s.

Provided further that if any such Nominee Director(s) is an office of the Corporation the setting 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 Corporation.

Provided also that in the event of the Nominee Director/s being appointed as whole-time Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a whole-time Director, in the management of the affairs of the borrower. Such Nominee Director's shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Lenders.

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 Director/s.

Provided also that in the event of the Nominee Director/s being appointed as whole time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Director/s shall be entitled to receive such remuneration, fees, commission, and moneys as may be approved by the Corporation.

116

- a) Any trust deed for securing Debentures or Debenture stock of the Company may provide for the appointment of a Director by the Trustees thereof or by the holders of Debentures (hereinafter referred to as "the Debenture Director") for and on behalf of the holders of Debenture or Debenture-stock for such period as is therein provided not exceeding the period for which the Debenture or Debenture-stock shall remain outstanding and may empower such Trustee or holders or Debenture or Debenture-stock for the removal from office of such Debenture Director and on a vacancy being caused whether by resignation, death, removal or otherwise, for appointment of another Debenture Director in his place. A Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed from office except as provided as aforesaid.
- b) The Trust deed may contain such ancillary provisions as may arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

117

Subject to the provisions of Section 313 of the Act the Board of Directors of the Company may appoint an Alternate Director to act for a Director (hereinafter 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, and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Director and to attend and vote there at accordingly. An Alternate Director appointed under this Article shall vacate office if and when the Original Director returns to the said State. If the term of office of the Original Director is determined before he so returns to the said State, any provision in the Act or in these Article for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director.

Provided always that no person shall be appointed by the Board as an Alternate Director who shall not have been previously selected and approved in writing by the Original Director or by party which had appointed the Original Director as Special Director under Article 113.

118

Subject to the provisions of Sections 260, 262 and 284(6) of the Act, the Board of Directors shall have power, at any time and from time to time, to appoint any person to be a Director either as an addition to the Board i.e. Additional Director or to fill a casual vacancy occurring on account of the office of any Director appointed by the Company in general meeting being vacated before his term of office would expire in the normal course, but so that the total number of Directors shall not at any time exceed the maximum fixed in Article 112 above. Any Additional Director so appointed shall hold office upto the date of the next annual general meeting, but he shall be eligible for election by the Company at that meeting. Any person appointed to fill a casual vacancy as aforesaid shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid.

119

A Director shall not be required to hold any share to qualify him to act as Director of the Company.

120

Subject to the provisions of Section 198, 309, 310 and 341 of the Act, the remuneration and traveling expenses payable to the Directors of the Company may be as hereinafter provided.

- a) The fees payable to a Director for attending a meeting of the Board or Committee thereof shall be such sum as may be decided by the Board from time to time, subject to such limit as may be prescribed in that behalf from time to time by the Central Government under or pursuant to the Act.

- b) In addition to the remuneration payable as above, the Directors may allow and pay to any Director who is not a bonafide resident of the place where a meeting is held and who shall come to such place for the purpose of attending the meeting, such sum as the Board may consider fair compensation for traveling, hotel and other expenses incurred by him, in attending and returning from meeting of the Board of Directors or any Committee thereof or general meetings of the Company.
 - c) If any Director be called upon to perform extra services or special exertions or efforts, the Board may arrange with such Director for such special remuneration for such extra service or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board subject to the provisions of the Act, and such remuneration may be in addition to his remuneration above provided.
 - d) In addition to the remuneration payable under sub-clause (c) above, the Directors may allow and pay to any Director such sum as the Board may consider fair compensation for traveling, hotel and other expenses incurred by him in connection with the business of the Company.
- 121 The continuing Directors may act notwithstanding vacancy in their body; but so that subject to the provisions of the Act if the number falls below the minimum number above fixed and nor withstanding the absence of a quorum, the Directors may act for the purpose of filling up vacancies or for calling summoning General Meeting or Extraordinary General Meeting of the Company or in emergencies.
- 122
 - 1) Subject to the provisions of Section 283(1) of the Act the office of a Director shall become vacant if:-
 - a) he is found to be of unsound mind by a court of competent jurisdiction; or
 - b) he applies to be adjudicated an insolvent; or
 - c) he is adjudged an insolvent; or
 - d) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government has, by notification in the Official Gazette, removed the disqualification incurred by such failure; or
 - e) he or any of his relatives or partners or any firm which he or any of his relatives is a partner or any private company of which he is a director or member accepts or holds any office or place or profit under the company, other than that of Managing Director or Manager or Banker or Trustee for the holders of Debentures of the Company, under the Company, except with the consent of the Company accorded by a Special Resolution and the approvals of the Central Government wherever necessary as required by Section 314 of the Act; or
 - f) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board of Directors; or
 - g) he becomes disqualified by an order of the court under Section 203 of the Act; or
 - h) he is removed in pursuance of the Articles or Section 284 of the Act; or
 - i) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the company in contravention of Section 295 of the Act; or
 - j) he acts in contravention of Section 299 of the Act and by virtue of such contravention shall have been deemed to have vacated office; or
 - k) he is convicted by a court of any offence involving moral-turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
 - l) he having been appointed a Director by virtue of his holding any office or other employment in the Company, cease to hold such office or other employment in the Company as the case may be; or
 - m) he having been appointed a Director by virtue of his holding any office or other employment in the company, ceases to hold such office or other employment in the company.
 - 2) Subject to the provisions of the Act a Director may resign his office at any time by notice in writing addressed to the Company or to the Board of Directors.
- 123 The Company shall observe the restrictions imposed in the matter of grant of loans to Directors and other persons as provided in Section 295 of the Act.
- 124
 - 1) Except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is a partner, any other partner in such a firm, or a private company of which the Director is a member or director, shall not enter into any contract with the Company.
 - a) for the sale, purchase or supply of any goods, materials or services; or
 - b) for underwriting the subscription for any shares in or debentures of the Company.
 - 2) Nothing contained in the foregoing clause (1) shall affect:-

- a) the purchase of goods and materials from the Company or the sale of goods and materials to the Company, by any Director, relative, firm, partner or private Company as aforesaid for cash at prevailing market prices; or
 - b) any contract or contracts between the company on the side and any such Director relative, firm, partner or private company on the other side for sale, purchase or supply of any goods, materials and services in which either the company or the Director, relative, firm, partner or private company as the case may be regularly trades or does business. Provided that such contract or contracts do not relate to goods and materials the value of which, or services the costs of which exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract or contracts
- 3) Notwithstanding anything contained in the foregoing clauses (1) and (2), a Director, relative, firm, partner of private company as aforesaid may, in circumstances of urgent necessity, enter, without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract; but in such a case, the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.
 - 4) Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board and not otherwise; and the consent of the Board required under clause (1) above shall not be deemed to have given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
 - 5) If the consent is not accorded to any contract under the Article anything done in pursuance of the contract shall be voidable at the option of the Board.

125

- 1) Subject to the provisions of clause (2), (3), (4) and (5) of this Article and the restrictions imposed by Article 121 and other Articles hereof and the Act and the observance and fulfillment thereof, no Director shall be disqualified by reason of his office from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized as a result of or in pursuance of any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relation thereby established, but it is declared that the nature of his interest must be disclosed by him as provided by clause (2), (3) and (4) hereof.
- 2) Every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board of Directors or as provided by clause (4) hereof.
- 3)
 - a) In the case of proposed contract or arrangement, the disclosure required to be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of the meeting concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.
 - b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
- 4) For the purpose of this Article, a general notice given to the Board of Directors by a Director to the effect that he is a Director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of the notice be entered into with that body corporate or firm shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for further periods of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. The general notice aforesaid and any renewal thereof shall be given at a meeting of the Board of Directors or the Directors concerned shall take reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
- 5) Nothing in Clause (2), (3) and (4) hereof shall apply to any contract or arrangement entered into or to be entered into between the company and any other company where any one of the directors of the

Company or two or more of them together holds or hold not more than 2 per cent of the paid up share capital in the other company.

- 126 An interested Director defined in the proceeding Article shall not take any part in the discussions of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way, directly or indirectly, concerned or interested in the contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussions or vote; and if he does vote; his vote shall be void;

Provided that this prohibition shall not apply:-

- i) to any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or a surety for the Company;
- ii) to any contract or arrangement entered into which public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely in his being a Director of such Company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company or in his being a member holding not more than two per cent of the paid-up share capital of such Company;
- iii) in case a notification is issued under sub-section (3) of Section 300 of the Act to the extent specified in the notification.

- 127 1) Except with the consent of the Company accorded by a Special Resolution:-

- a) No Director of the Company shall hold any office or place of profit; and
- b) No partner or relative of such a Director, as defined by the Act of such a Director, no firm in which such a Director or relative is a partner, no private company of which such a Director is a Director or member and, no Director, Manager of such a private company, shall hold any office or place or profit carrying a total monthly remuneration of five thousand rupees or more, except that of Managing Director, or Manager, Banker, or Trustee for the holder of debentures of the Company.
 - i) Under the Company; or
 - ii) Under any subsidiary of the Company, unless the remuneration received from such subsidiary in respect of such office or place of profit is paid over to the Company or its holding Company. Provided that it shall be sufficient if the special resolution according to the consent of the Company is passed at the General Meeting of the Company held for the first time after the holding of such office or place of profit.

Provided further that where a relative of a Director or a firm in which such relative is a partner, is appointed to an office or place of profit under the Company or a subsidiary thereof with out the knowledge of the Director, the consent of the Company may be obtained either in the general meeting aforesaid or within three months from the date of the appointment whichever is later. Explanation: - For the purpose of this clause a Special Resolution according consent shall be necessary for every appointment in the first instance to an office or place of profit and to every subsequent appointment to such offices or place of profit on a higher remuneration nor covered by the Special Resolution except where an appointment on a time scale has already been approved by the Special Resolution.

- 2) Nothing in clause (1) above shall apply where a relative of a Director or a firm in which such relative is a partner holds any office or place of profit under the Company or a subsidiary thereof having been appointed to such office or place before such director becomes a Director of the Company.
- 3) If any office or place of profit is held in contravention to the provisions of the above Clause (1), the Director, partner, relative, firm, private company, or the manager, concerned shall be deemed to have vacated his or its offices as such on and from the date next following the date of the general meeting of the Company referred to in the first proviso or as the case may be, the date of the expiry of the period of three months referred to in the second proviso to Clause (1) of this Article, and shall also be liable to refund to the Company any remuneration received or the monetary equivalent of any perquisite or advantage enjoyed by him or it for the period immediately proceeding the date aforesaid in respect of such office or place of profit. The Company shall not waive the recovery of any such sum refundable to it unless permitted to do so by the Central Government.
- 4) Notwithstanding anything contained hereinabove:
 - a) no partner or relative of a director or manager;

- b) no Private Company of which such a Director or Manager or relative of either, is a Director or member, shall hold any office or place of profit in the Company which carries a total monthly remuneration of not less the prescribed amount except with the prior consent of the Company by a Special Resolution and the approval of the General Government.
- 5) Every individual, firm, private company or other body corporate proposed to be appointed to any office or place of profit to which this Article applies shall, before or at the time of such appointment, declare in writing whether he or it is or is not connected with a Director of the Company in any of the ways referred to hereinabove hereof.
- 128
- 1) The Company shall keep one or more Registers in which shall entered separately particulars of all contracts or arrangements to which section 297 or section 299 of the Act applies, including the following particulars to the extent they are applicable in each case, namely:
- the date of the contract or arrangement;
 - the name of the parties thereto;
 - the principal conditions thereof;
 - in the case of a contract to which section 297 of the Act applies or in the case of a contract or arrangement to which sub-section (2) of section 299 of the Act applies, the date on which it was placed before the Board;
 - the names of the Directors voting for and against the contract or arrangement and the names of those remaining neutral.
- 2) Particulars of every such contract or arrangement to which section 297 of the Act, or as the case may be sub-section (2) of the section 299 of the Act applies shall be entered in the relevant Register aforesaid:-
- In the case of a contract or arrangement requiring the Board's approval within seven days (exclusive of public holidays) of the meeting of the Board at which the contract or arrangement is approved.
 - in the case of any contract or arrangement, within seven days of the receipt at the registered office of the Company of the particulars of such other contract for arrangement or within thirty days of the date of such other contract or arrangement, whichever is later; and the Register shall be placed before the next meeting of the Board and shall then be signed by all the directors present at the meeting.
- 3) The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the firms and bodies corporate of which notice has been given under sub-section (3) of section 299 of the Act.
- 4) Nothing in the foregoing Clauses (1), (2) and (3) shall apply to any contract or arrangement for the sale, purchase or supply of any goods and materials or the costs of such services does not exceed one thousand rupees in the aggregate in any year.
- 5) The register aforesaid shall be kept at the Registered Office of the Company; any it shall be open to inspection at such office, and extracts may be taken there from and copies thereof may be required, by any member of the Company to the same extent, in the same manner, and on payment of the same fee, as in the case of the register of member of the Company; and the provisions of section 163 shall apply accordingly.

ROTATION OF DIRECTORS

- 129
- 1) Not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly, provided in the Act and these Articles, be appointed by Company in General Meeting.
- 2) The remaining Directors shall be appointed in accordance with the provisions of these articles
- 130
- 1) At every Annual General Meeting of the Company one-third of such of the 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) Subject to section 284(5) of the Act, the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who becomes 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. A retiring Director shall be eligible for reappointment.
- 131 Subject to the provisions of Section 261 of the Act, the Company at the Annual General Meeting of which a Director retires in manner aforesaid, may fill up the vacated office by electing the retiring Director or some other person thereto.
- 132
- a) If the place of the retiring Director is not so 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 of that day is holiday till the next succeeding day which is not a public holiday at the same time and place.
- b) 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 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 meeting 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 re-appointed;
- iii) he is not qualified or is disqualified for appointment.
- iv) a resolution whether special or ordinary, is required for the appointment or re-appointment in virtue of the provisions of the Act; or
- v) the proviso to sub-section (2) of Section 263 or sub-section (3) of Section 280 of the Act is applicable to the case.
- 133 Subject to Section 255 and 259 of Act, the Company may, by ordinary resolution from time to time, increase or reduce the number of directors, within the limits fixed in that behalf by these Articles, and may alter their qualifications.
- 134 Subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles, the Company may remove any Director before the expiration of his period of office and appoint another person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.
- 135
- 1) Subject to the provisions of the Act and these Articles any person who is not a retiring Director shall be eligible for appointment to the office of Director at any general meeting if he or some member intending to propose him has, at least fourteen clear 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 Directors or the intention of such member to propose him as a candidate for that office.
- 2) Every person (other than a person who has left at the office of the Company a notice under Section 257 signifying his candidature for the office of a Director) proposed as a candidate or the office of a Director shall if appointed.
- 3) A Director other than
- a) a director re-appointed after retirement by rotation or immediately on the expiry of his term of office; or
- b) an additional or alternative Director or a person filling a Casual Vacancy in the office of a Director under section 262 of the Act, appointed as a Director or reappointed as an additional or alternate Director immediately upon the expiry of his term of office; or
- c) a person named as a Director of the Company under the article as first registered.
- Shall not act as a director of the company unless he has within 30 days of his appointment signed and filed with the Registrar of Companies his consent in writing to act as such Director.

PROCEEDINGS OF THE BOARD OF DIRECTORS

- 136 The Directors may meet together as a Board for the dispatch of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and

otherwise regulate their meeting and proceedings as they may think fit.

- 137 A Director may, and upon the request of a Director, the Secretary shall, at any time, convene a meeting of the Board of Directors. Notice of every meeting of the Directors 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.
- 138 Subject to section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during the time.
- 139 If a meeting of the Board cannot be held for want of quorum, then the meeting shall stand adjourned to such day, time and place as the director of Directors present at the meeting may fix.
- 140 The Directors may from time to time elect one of their members to be Chairman of the Board of Directors to preside over the meeting and determine the period for which he is to hold office. The Directors may likewise appoint a Vice-Chairman of the Board of Directors to preside over the meeting at which the Chairman shall not be present. If so such Chairman and/or Vice-Chairman is elected, or if at any meeting of the Board of Directors the Chairman and/or the Vice-Chairman are not present within five minutes of the time appointed for holding the same the Directors present shall choose one of their Members to be Chairman of such meeting.
- 141 Questions arising at any Board Meeting, shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.
- 142 A meeting of the Board of Directors for the time being at which a quorum is Present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles or the Regulations of the Company are for the time being vested in or exercisable by the Board of Directors generally.
- 143 Subject to the restrictions contained in Section 292 of the Act the Board of Directors may delegate any of their powers to Committees of the Board consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part, either as to persons or purposes but every Committee of the Board, either wholly or in part and either as to persons or purposes, so formed shall, in the exercise of the power so delegated confirm to any regulations that may from time to time be imposed on it by the Board of Directors. All acts done by such committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise shall have the like force and effect as if done by the Board. Subject to the provisions of the Act the Board may from time to time fix remuneration to be paid to any member or members of their body constituting a Committee appointed by the Board in terms of these Articles and may pay the same.
- 144 The meeting and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Directors, so far as the same are applicable, thereto and are not superseded by any regulations made by the Directors under the last preceding Articles.
- 145 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 the directors or to all the members of the Committee, then in India (not being less in number than the quorum for a meeting of the Board of Committee, as the case may be) and to all other directors or members of the Committee, at their usual address in India and has been approved by such of the Directors or members of the Committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.
- 146 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 notwithstanding 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 are disqualified or had vacated office, or that the appointment of any 67 of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director and had not vacated office or his appointment had not been terminated.
- 147 The Company shall cause minutes of the meetings of the Board of Directors and of Committee of the Board to be duly entered in a book or books provided for the purpose in accordance with the relevant provisions of Section 193 of the Act. The minutes shall contain a fair and correct summary of the proceedings at the meeting including the following:

- i) The names of the Directors present at such meetings of the Board of Directors, and of any Committee of the Board;
 - ii) all orders made by the Board of Directors and Committee of the Board and of all appointments of officers and Committees of Directors;
 - iii) all resolutions and proceeding of meetings of the Board of Directors and Committees of the Board; and
 - iv) in the case of such resolution passed at a meeting of the Board of Directors, or Committees of the Board of Directors, or Committees of the Board, the names of Directors, if any, dissenting from or not concurring in the resolution; or abstain from voting.
- 148 All such minutes shall be signed by the Chairman of the meetings as recorded or by the person who shall preside as Chairman at the next succeeding meeting and all minutes purported to be so sign shall for all purposes whatsoever be prime facie evidence of the actual passing of the resolutions recorded and the actual and regular transaction or occurrence of the proceedings so recorded and of the regularity of the meeting at which the same shall appear to have taken place.
- 149 The Company shall maintain the following Registers, Books and Documents namely:
- a) Register of Investment not held in Company's name according to Section 49 of the Act.
 - b) Register of Mortgages and charges according to Section 143 of the Act.
 - c) Register of Members, and an Index of Members according to Sections 150 and 151 of the Act.
 - d) Register and Index of Debenture holders according to Section 152 of the Act.
 - e) Register of contracts, companies and firms in which Directors are interested according to Section 301 of the Act.
 - f) Register of Directors according to Section 303 of the Act.
 - g) Register of Directors' Shareholding according to Section 307 of the Act.
 - h) Register of Investments in shares or debentures of bodies corporate in the same group according to Section 372 of the Act.
 - i) Books of Accounts in accordance with the provisions of Section 209 of the Act.
 - j) Copy of instrument creating any charge requiring registration according to section 136 of the Act.
 - k) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of Certificates and Documents required to be annexed thereto under Section 161.
 - l) Register of Renewed and Duplicate Certificate according to rule (2) of the Companies (Issue of Share Certificates) Rules, 1960.
 - m) Register of Deposits according to Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975, or any modification or replacement thereof.
 - n) Register of Foreign Members.
- 150 The said Registers, Books and Documents shall be kept open for inspection by such persons as may be entitled thereto respectively, under the Act on such days and during such business hours as may, consistently with the provisions of the Act in that behalf, be determined by the Company in general meeting.

POWERS OF DIRECTORS

- 151 The management and control of the business of the Company shall be vested in the Directors who may exercise all such powers of the and do all such acts and things as are not prohibited by the Act or any statutory modification thereof for the time being in force or by any other Act or by the Memorandum or by these Articles, required to be exercised by the Company in general meeting, subject nevertheless to any regulations of these Articles to the provisions of the Act or any Statutory modifications thereof for the time being in force or any other Act on to such regulations or provisions, as may be prescribed by the company in General Meeting but no regulation made by the Company in general Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
- 152
- 1) Without derogating from the power vested in the Board of Directors under these Articles the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at Meeting of the Board;
 - a) The power to make calls on shareholders in respect of money unpaid on their shares.
 - b) The power to authorize buy-back referred to in the first proviso to clause (b) of sub-section (2) of section 77A;
 - c) The power to issue debentures.
 - d) The power to borrow moneys otherwise than on debentures.
 - e) The power to invest the funds of the Company.
 - f) The power to make loans.Subject to provisions of Section 292 of the Act, and other provisions of the Act, the Board may delegate from time to time and at any time to a committee formed out of the directors all or any of the powers

authorities and discretions for the time being vested in the Board and any such delegations may be made on such terms and subject to such conditions as the Board may think fit.

- 2) Every resolution delegating the power referred to in Clause (1) (c) shall specify the total amount outstanding at any one time upto which moneys may be borrowed by the delegates; provided, however, that where the Company has an arrangement with its Bankers for the borrowing of Moneys by way of overdraft cash or otherwise the actual day to day operation of the overdraft, cash credit or other accounts by means of which the arrangement is made is availed of shall not require the sanction of the Board.
- 3) Every resolution delegating the power referred to in Clause (1) (d) shall specify the total amount upto which the funds may be invested and the nature of the investments which may be made by the delegates.
- 4) Every resolution delegating the power referred to in clause (1)(e) shall specify the total amount upto which the loan may be made by the delegates the purpose for which the loans may be made for each purpose in individual cases.
- 5) Nothing in this Article contained shall be deemed to affect the rights of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in (a), (b), (c), (d) and (e) of Clause (1) above.

153 Without prejudice to the general power conferred by Articles 66, 150 and 151 and so as not in any way to limit or restrict these powers and without prejudice to the other powers conferred by these Articles but subject to the restrictions contained in the last preceding two Articles, the Directors shall have the following powers, that is to say; power:

- 1) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Section 76 and 208 of the Act.
- 2) Subject to Section 292 and 297 of the Act, to purchase or otherwise acquire for the Company any property right or privileges which the company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such titles as all the then prevailing circumstances or the case may justify in the interest of the Company.
- 3) At their 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, bond, debentures, mortgages or, other securities of the Company, and any such shares may be issued as paid up and such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- 4) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings machinery goods stores produce and other moveable property of the Company either separately or conjointly, also to 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.
- 5) To open accounts with any bank or bankers or with any Company firm or individual and to pay money and draw money from and such amount from time to time as the Directors may think fit.
- 6) To secure the fulfillment of any Contracts, Agreement 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 manner as they may think fit.
- 7) To appoint any person or persons (whether incorporated or not) to accept and hold in trust of the Company any property belonging to the Company or in which it is interested, or for any other purposes and to execute and do all such acts and things as may be required in relation to any such trust, and to provided for the remuneration of such Trustee or Trustees.
- 8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers of otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due or of any claims or demands by or against the Company, and to, refer any claims or demands by or against the Company or any differences to arbitration, and observe, perform, implement and enforce any awards made thereon.
- 9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- 10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- 11) Subject to the provisions of Section 292, 293(1), 295, 370, 372 and 373 of the Act, to invest and deal with any moneys of the Company, upon such security (not being share of the Company) or without security and in such manner as they think may think fit, and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- 12) To execute in the name of and on behalf of the Company in favour of the Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefits of the Company, such mortgages of the Company's property (present and future) as they think fit; and any

- such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
- 13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptance, endorsements, cheques, dividend warrants, release, contracts and documents and to give the necessary authority for such purpose.
 - 14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transactions, and to charge such bonus or commission as part of the working expenses of the Company.
 - 15) To provide for the welfare of the Director Ex-Director or the employees or ex-employees of the Company and the wives, widows and families or the dependants or connections of such persons, by building or contributing to the building of housings, dwellings or chawls, or by grants or money pensions, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions fund or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical, and other attendance and other assistance as the Board of Directors shall think fit, and to subscribe or contribute or otherwise to assist or other institutions or objects or for any exhibition or for any public general or useful objects.
 - 16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as a reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or debenture-stock, or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company, and for such other purpose (including the purpose referred to preceding clause), as the Board of Directors may, in their absolute discretion think, conducive to the interest of the Company, and to invest the several sums to set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company, in such manner and for such purpose as the Board of Directors, in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board of Directors apply or upon which they expend the same, or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board of Directors may think fit, and to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debenture or debenture-stock and 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 their discretion to pay or allow to the credit of such funds interest at such rate as the Board of Directors may think proper.
 - 17) To appoint and, at their discretion, remove or suspend such managers, secretaries, officers, assistants, supervisors clerks agent and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries, emoluments to remunerations and to require security in such instances and to such amount as they may think fit and also without prejudice as aforesaid, from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit, and the provisions contained in the two next following sub-clauses shall be without prejudice to the general powers conferred by the sub-clause.
 - 18) To comply with the requirements of any local law which in their opinion it shall in the interest of the company be necessary or expedient to comply with.
 - 19) From time to time and at any time to establish and Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such Local Board or any managers or agents and to fix their remunerations.
 - 20) Subject to the provisions of Section 292 of the Act and the Articles from time to time, and at any time to delegate to any such Local Board, or any member or members thereof or any managers or agents so appointed any of the powers, authorities and discretions Board of Directors, and to authorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies; and any such appointment or delegation under clause 19 of this Articles may be made on such terms and subject to such conditions as the Board of Directors may think fit, and the Board of Directors may at any time remove any person so appointed, and may annual or vary and such delegation.
 - 21) At any time and from time to time by power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions as the Board of Directors, may from time to time think fit.
 - 22) Subject to Section 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company, to enter into all such negotiations, arrangements and contracts and rescind and vary all such arrangement or contracts and execute and do all such acts, deeds, and things in the name and behalf of the Company as they may consider expedient for on in relation to any of the matters aforesaid or otherwise for the purpose of the Company.

- 23) Generally subject to the provisions of the Act and these Articles to delegate the powers, authorities and discretion vested in the Directors to any person, company, or fluctuating body or persons as aforesaid.
- 24) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.

MANAGING OR WHOLE-TIME DIRECTOR(S)

- 154 Subject to the provisions of the Act, the Directors may from time to time appoint one or more of its members to be as Managing Director or Managing Directors (in which expression shall be included a Joint Managing Director or Whole Time Director or Whole-Time Directors) of the Company for a fixed term not exceeding five years upon such terms and conditions as they may think fit, (subject to the provisions of the Act and subject to the provisions of any contract between him or them and the Company) remove or dismiss him or dismiss him or them from office and appoint another or others in his or their place or places.
- 155 Subject to the provision of the Act and of these Articles, a Managing Director or Whole-Time Director shall not, while he continues to hold that office, be subject to retirement by rotation under the Act or Article 129 clause (1) but he shall, subject to the provisions 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 and he shall ipso facto and immediately cease to be a Managing Director or Whole-Time Director if he cease to hold the office of Director for any cause provided that if at any time the number of Directors (including the Managing Director or Whole-Time Director) as are not subject to retirement by rotating shall exceed one-third of the total number of the Directors for the time being then such Managing Director or Managing Directors or Whole Time Director or Whole-Time Directors, as the directors may from time to time select, shall be liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.
- 156 Subject to the provisions of the Act and the approval of the Company in General Meeting, the remuneration of a Managing Director or Whole-Time Director shall from time to time be fixed by the Directors, and may be by way of fixed salary, or commission on profits of the Company or by participation in any such profits or by any or all of these models.
- 157 Subject to the superintendence, control and discretion of the Board of Directors, the day to day Management of the Company may be entrusted to the director or Directors with power to the Board to distribute such day to day functions among such Directors, if more than one, in any manner as directed by the Board, or to delegate such power of distribution to any one of them. The Board may from time to time entrust to and confer upon a Managing Director or Whole-Time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such powers for such time to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may subject to the provisions of the Act and these Articles confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

SECRETARY

- 158
 - a) The Board of Directors may from time to time appoint any individual, as the Secretary of the Company to perform duties which may be performed by a Secretary under the Act and any other purely ministerial and administrative duties as the Board of Directors may from time to time assign to the Secretary including the duty to keep the registers required to be kept under the Act.
 - b) The Board of Directors may at any time appoint a temporary substitute of the Secretary who shall for the purposes of these Articles and the Act be deemed to be the Secretary.

COMMON SEAL

- 159
 - 1) The Board of Directors shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of Directors or a committee of the Directors previously given.
 - 2) Every deed or other instrument which the Seal of the Company is required to be affixed, shall unless the same is executed by a duly constituted Attorney of the Company, be signed by two Directors or by a Director and countersigned by the Secretary or by some other person appointed by the Board for the purpose. Provided nevertheless that certificates of title to shares may be sealed and signed as provided in Article 20.
- 160 Save as otherwise expressly provided by the Act, a document or proceeding requiring authentication by the

Company may be signed by a Director or Secretary or other officer authorized in that behalf by the Board of the Company and need not be under its seal.

ANNUAL RETURNS

- 161 The Company shall make requisite annual returns in accordance with Section 159 and 161 of the Act and shall file with the Register three copies of the balance sheet and profit and loss account in accordance with Section 220 of the Act.

DIVIDEND

- 162 The profits of the Company subject to any special rights relating thereto created or authorised to be created by the Memorandum or these Articles and subject to the provisions of any law for the time being in force and subject to these Articles shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively.

Provided always that (subject as aforesaid) any capital paid up on a share during that period in respect of which dividend is declared shall, unless the Directors, otherwise determine, only entitle and shall be deemed always to have only entitled, the holder of such share to an apportioned amount of such dividend as from the date of payment.

- 163 The Company in general meeting may subject to Section 205 of the Act declare dividends, to be paid to members according to their respective rights and interests in the profits but subject to any law for the time being in force and may fix the time for payment but no dividend shall exceed the amount recommended by the Board of Directors. However, the Company in general meeting may declare a smaller dividend than recommended.
- 164 No dividend shall be paid otherwise than out of the profits of the year of any other undistributed profits or otherwise than in accordance with the provisions of Section 205, 206 and 207 of the Act or any other law for the time being in force and no dividend shall carry interest as against the Company unless required by law. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.
- 165 Subject to the provisions of the Act any law for the time being in force the Board of Directors may from time to time, pay to the members interim dividends as, in their judgment, the position of the Company justified.
- 166 The Company shall pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others.
- 167 The Board of Directors may, if they so think fit, retain the dividends payable upon shares in respect of which any person is under Article 60 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.
- 168 No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from his to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons; and the directors may without prejudice to any other right or remedy of the Company deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.
- 169 A transfer of shares shall not pass the rights to any dividend declared thereon before the Registration of the transfer.
- 170 Any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends and payment on account of dividends in respect of such share.
- 171 Unless otherwise directed and dividend may be paid by cheque 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 or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means. Several executors or administrators of a deceased member in whose sole name any share stands, shall for the purposes of this clause be deemed to be joint holders thereof.
- 172 Where a dividend has been declared by the Company but has not been paid, or the warrant in respect thereof has not been posted within thirty days from the date of the declaration, to any shareholder entitled to the payment of the dividend, the Company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted within the said period of thirty days, the special account to be opened by the Company in that behalf in any Scheduled Bank to be called “Unpaid Dividend Account” of the Company and all the other provisions of Section 205A of the Act in respect of the any such unpaid dividend or any part thereof shall be applicable, observed,

performed and complied with. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with all the provisions of the Section 205A of the Act, in respect of unclaimed and unpaid dividend.

Any money transferred to the said unpaid dividend account of the Company, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, shall be transferred by the Company to the fund established under section 205C (1) of the Act by the Central Government.

- 173 No dividend shall be declared or paid by the Company for the financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub section (2) of section 505 of the Act except after the transfer to the reserves of the Company of such percentage of its profits for that year, as may be prescribed. Provided that nothing in the sub-section shall be deemed to prohibit the voluntary transfer by a Company of a higher percentage of its profits to the reserves in accordance with such rules as may be made by the Central Government in this behalf.
- 174 No dividends shall be paid otherwise than in cash.
- 175 Annual general meeting declaring a dividend any make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may if so arranged between that Company and the members to be set off against the calls.

CAPITALISATION

- 176 The Board of Directors may resolve that any moneys, Investments, or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves or any Capital Redemption Reserve Fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account be capitalized and distributed amongst such of the members 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 capitalized fund be applied on behalf of such members in paying up in full and unissued share, debentures or debenture stock of the Company which shall be distributed accordingly or in towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction or their Interest in the said capitalized sum. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
- 177 For the purpose of giving effect to any resolution under the two last preceding articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient, and in particular may issue fractional certificate, and may (fix the value for distribution of any specific assets, and may) determine the cash payments shall be made to any members upon the footing of the value so fixed or that fractions of less value than Re. 1 may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Directors and generally may make such arrangements for the acceptance allotment and sale of such shares or other specific assets and fractional certificates or otherwise as they may think fit. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956 and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund and such appointment shall be effective.
- 178 If and whenever any shares become held by any member in fraction, the Directors may subject to the provisions of the Act and these Articles and sell these shares which members hold in fractions for the best price reasonably to be directions, of the Company in general meeting, if any consolidate and obtainable 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 Director may authorize any person to transfer the shares sold to the purchaser thereof comprised in any such transfer and he shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

ACCOUNTS

- 179
- 1) The Company shall cause to be kept proper books of account with respect to
 - a) all sums of money received and expended by the Company and the matter in respect of which receipts and expenditure take place;
 - b) all sales and purchase of goods by the Company.
 - c) the assets and liabilities of the Company.
 - 2) If the company shall have a branch office, whether in or outside India, proper books of account relating to the transactions effected at that office shall be kept at the office and proper summarized returns made

- upto date at intervals of not more than three months, shall be sent by the branch office to the Company at its Registered Office or other place in India, as the Board think fit, where the main books of the Company are kept.
- 180 The books of account shall be kept at the Registered Office of the Company or at such other place or places as the Board of Directors think fit and shall be open to inspection by any Director during business hours.
- 181 The books of account of the Company relating to a period of not less than eight years immediately preceeding the current year shall be preserved in good order.
- 182 The Board of Directors shall from time to time determine whether and to what extent and at what time and places, and under what conditions or regulations the records and documents of the Company or any of them as are in law open for inspection by members, shall be open for the inspection for the members.
- 183 The Board of Directors shall lay before each Annual General Meeting a Profit and Loss Account for the financial year of the Company and a Balance Sheet made to as at the end of the financial year which shall be a date which shall not precede the day of the meeting by more than six months or where an extension of time has been granted by the Register of Companies under the provisions of the Act by more than six months and the extension so granted.
- 184
- a) Subject to the provisions of Section 211, of the Act, every balance sheet and profit and loss account of the Company, shall be in the forms set out in part I and II respectively of Schedule VI of the Act, or as near thereto as circumstances admit.
 - b) So long as the Company is a holding Company having a subsidiary, the Company shall conform to Section 212 and other applicable provision of the Act.
 - c) If in the opinion of the Board, any of the current assets of the Company have not a value or realization in the ordinary course of business at least equal to the amount at which they are stated, fact that the Board is of that opinion shall be stated.
- 185
- 1) Every balance sheet and every profit and loss account of the Company shall be signed on behalf of the Board of Directors of its Manager or Secretary, if any, and by not less than two Directors of the Company, one of whom shall be a Managing Director, if there is one.
 - 2) When only one Director is for the time being in India, the balance sheet and profit and loss account shall be signed by such Director and in such a case there shall be attached to the balance sheet and the profit and loss account of a statement signed by him explaining the reason for non-compliance with the provisions of Clause (1) above.
 - 3) The balance sheet and the profit and loss account shall be approved by the Board before they are signed on behalf of the board in accordance with the provisions of the Article and before they are submitted to the Auditors for their report thereon.
- 186 The profit and loss account shall be annexed to the balance sheet and the Auditor's Report (including the Auditor's separate, special or supplementary report, if any) shall be attached thereto.
- 187
- 1) Every balance sheet laid before the Company in general meeting shall have attached to it a report by the Board of Directors with respect to (a) the state of the Company's affairs; (b) the amounts, if any, which it propose to carry to any Reserve in such balance sheet; (c) the amount, if any, which it recommends to be paid by way of dividend and (d) material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the balance sheet relate and date of the report.
 - 2) The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members, and will not in the Board's opinion be harmful to the business of the company or of any of its subsidiaries, deal with any changes which have occurred during the financial year in the nature of the Company's business in the Company's subsidiaries or in the nature of the business carried on by them and generally in the classes of business in which the Company has an interest.
 - 3)
 - a) The Board's report shall also include a statement showing the name of every employee of the Company who:
 - i) if employed throughout the financial year, was in receipt of remuneration for the year which, in the aggregate, was not less than Seventy two thousand rupees; or

- ii) If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Six thousand rupees per month.
- b) The Statement referred to in clause (a) shall also indicate:
 - i) Whether any such employee is a relative of any director or Manager of the Company and if so, the name of such Director, and
 - ii) Such other particulars as may be prescribed.

Explanation: “Remuneration” has the meaning assigned to it in the Explanation to Section 198 of the Act.

- 4) The Board shall also give the fullest information and explanations in its report or in cases falling under the provision every reservation, qualification or adverse remark contained in the Auditor’s Report.
- 5) The Board’s Report and addendum (if any thereto, shall be signed by its Chairman if he is authorized in that behalf by the Board; and where he is not so authorised shall be signed by such number of Directors as are required to sign the balance sheet and the profit and loss account of the Company by virtue of clauses (1) and (2) of the Article 184.

188

- 1) A copy of every balance sheet (including the Profit and Loss Account, the Auditors report and every other document required by law to be annexed or attached, as the case may be, to the balance sheet which is to be laid before the Company in General Meeting) shall be made available for inspection at the Registered Office of the Company during working hours for a period of twenty one days before the date of meeting and the Company may also send Notices / Annual reports through electronic mode to shareholders after complying with the provisions / rules from time to time as per ‘Green Initiative in the Corporate Governance’ Circular issued by Ministry of Corporate Affairs. A statement containing the salient features of such documents in the prescribed form or the copies of the documents aforesaid, as the Company may deem fit will be sent to every member of the Company, to every holder of debentures issued by the Company (not being debenture which ex-facie are payable to the bearer thereof) to every Trustee for one holder of any debentures issued by the Company whether such member, holder or trustee is or not entitled to have notices of General Meeting of the Company sent to him and to all persons other than such members, holders or trustees being persons so entitled not less than 21 days before the date of the meeting as laid down in section 219 of the Act and all the rest of the provisions of the Section shall apply in respect of the matter referred to in this Article.
- 2) Any member or holder of debentures of the Company, whether he is or is or is not entitled to have copies of the Company’s balance sheet sent to him shall, on demand, be entitled to be furnished without charge and any person from whom the Company has accepted sum of money by way of deposit shall, on demand, accompanied by the payment of a fee of one rupee, be entitled to be furnished with a copy of the last balance sheet of the Company and of every document required by law to be annexed or attached thereto, including the profit and loss account and the Auditor’s Report.

AUDIT

189 Once at least in every year the accounts of the Company shall be examined, and the correctness of the profit and loss account and balance sheet ascertained by Auditor/Auditors to be appointed as herein provided.

190

- 1) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment, give intimation thereof to every Auditor so appointed. Provided that before any appointment or re-appointment of Auditor or auditors is made by the Company at any Annual General Meeting, a written certificate shall be obtained from the Auditor or Auditors proposed to be so appointed to the effect that the appointment or re-appointment, if made, will be in accordance with the limits specified in sub-section (1-B) of section 224 of the Act.
- 2) At the Annual General Meeting, a retiring Auditor, by whatsoever authority appointed, shall be reappointed, unless;
 - a) he is not qualified for re-appointment;
 - b) he has given the Company notice in writing of his un- willingness to be re-appointed.
 - c) a resolution has been passed at the meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed; or

- d) where notice has been given of an intended resolution to appointed some person or performs in the place of a retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all these persons, as the case may be, the resolution cannot be proceeded with.
 - 3) Where at an Annual General Meeting no Auditors are appointed on re-appointed the Central Government may appoint a person to fill the vacancy.
 - 4) The Company shall, within seven days of the Central Government's power under sub-clause (2) becoming exercisable, give notice of that fact to that Government.
 - 5) The Board of Directors may fill any casual vacancy in the office of the Auditor, but while any such vacancy continues, the remaining Auditor or Auditors (if any) may act, but where such vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting. Any Auditor appointed in a casual vacancy shall hold office until the conclusion of the next Annual General Meeting.
 - 5) A person, other than a retiring auditor shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution for appointment of that person to the office of auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and all the other provisions of section 225 of the Act shall apply in the matter. The provisions of this subclause shall also apply to a resolution that a retiring Auditor shall not be re-appointed.
- 191
- 1) The person qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.
 - 2) None of the persons mentioned in Section 226 of the Act, to be not qualified for appointment as Auditors shall not be appointed as Auditors of the Company
- 192
- The remuneration of the Auditors of the Company shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine except that the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Directors.
- 193
- 1) Every auditors of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.
 - 2) All notices of, and other communications relating to any general meeting of a Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company; and the Auditor shall be entitled to attend any General Meeting and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor.
 - 3) The Auditor shall make a report to the members of the Company on the accounts examined by him and on every balance sheet and profit and loss account, and on every other document declared by the Act to be part of or annexed to the balance sheet or profit and loss account which are laid before the Company in General Meeting, during his tenure of office, and the report shall state whether, in his opinion and to the best of his information and according to the explanation given to him the said accounts give the information required by the Act in the manner so required and give a true and fair view:
 - i) in the case of the balance sheet of the state of the Company's affairs as at the end of its financial year, and
 - ii) in the case of the profit and loss account, of the profit or loss for its financial year.
 - 4) The Auditors Report shall also state:
 - a) Whether he has obtained all the information and explanation which to the best of his knowledge and belief were necessary for the purpose of his audit;
 - b) Whether, in his opinion, proper books of account as required by law have been kept by the Company so far as appears from his explanation of those books, and proper returns adequate for the purposes of his audit have been received from branches.
 - c) Whether the report on the accounts of any branch office audited under Section 228 by a person other than the Company's Auditor has been forwarded to him as required by clause (c) of sub-section (3) of the Section and how he has dealt with the same in preparing the Auditor's Report.
 - d) Whether the Company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of accounts and returns.
 - 5) Where any of the matters referred to in Clause (i) and (ii) of subsection (2) of Section 227 of the Act, or in clauses (a), (b), and (c) of sub-section (3) of Section 227 of the Act, or Sub-Clause 4(a), (b), (c) and (d) hereof is answered in the negative or with a qualification the Auditor's Report shall state the reason for the answer.

- 6) The accounts of the Company shall not be deemed as not having been, and the auditor's Report shall not state that those accounts have not been properly drawn up on the ground merely that the Company has not disclosed certain matters if :
- (a) those matters are such as the company is not required to disclose by virtue of the provisions contained in the Act or any other enactment, and
 - (b) those provisions are specified in the balance sheet and profit and loss account of the Company.
- 194 The Company shall comply with the provisions of Section 228 of the Act in relation to the audit of the accounts of branch offices of the Company except to the extent to which any exemption may be granted by the Central Government that behalf.
- 195 The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.
- 196 Every account and the Director's Report thereon when audited and adopted by the Company in general meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and henceforth shall be conclusive. Provided further that such accounts and the Director's Report thereon may be attend or modified or varied at any time thereafter may be attend or modified or varied at any time thereafter with the consent of the company accorded by an Ordinary Resolution.

DOCUMENTS AND SERVICE OF DOCUMENTS

- 197
- 1) A document (which expression for this purpose shall be deemed to include and shall include any summons, notice, requisition, process order, judgment or any other document in relation to or in the winding up of the Company) may be served or sent by the Company on or to any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address if any within supplied by him to the Company for the giving of notices to him.
 - 2) Where document is sent by post:
 - a) service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the notice provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected 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 a meeting, at the expiration of forty-eight hours after the letter containing the notice is posted, and
 - ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.
- 198 If a member has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him, documents advertised in a newspaper circulating in the neighborhood of the registered office of the Company shall be deemed to be duly served on him on the day on which the advertisement appears.
- 199 A document may be served by the Company on the person 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 assignee of the insolvent or 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 in any manner in which the same might have been served if the death or insolvency had not occurred.
- 200 Subject to the provisions of the Act and these Articles, notice of general meeting shall be given:
- i) to members of the Company as provided aforesaid in any manner authorized by articles 196 and 197 as the case may be or as authorized by the Act;
 - ii) to the persons entitled to a share in consequence of the death or insolvency of a member as provided by Article 198 or as authorized by the Act;
 - iii) to the Auditor or Auditors for the time of the Company, in any manner authorized by the Articles or by the Act in the case of any member or members of the Company.
- 201 Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them and not expressly provided for by these presents, shall be deemed to be duly served or

sent if advertised once in one daily English and on daily vernacular newspaper circulating in the city or town where the registered office of the Company is situated.

202 Every person, who by operation of law, transfer, or other means whatsoever, shall become entitled to any share shall be bound by every document in respect of such share which, previously to his name and address being entered on the Register, shall be duly served on or sent to the persons from, whom he derives his title to such share.

203 The Signature to any notice to be given by the Company may be written, typed or printed.

204 A notice may be given by the Company to the joint-holders of a share by giving the notice to the joint holder named first in the register in respect of shares. Several executors' administrators of a deceased sole holder shall be deemed to be jointly entitled for the purpose of this Article.

WINDING UP

205 If the Company shall be wound up, and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed to 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 at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital, at the commencement of the winding up paid-up or which ought to have been paid-up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

206 1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may with the sanction of a special resolution, divide amongst the contributories, in specie of kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, or any of them as the liquidators, with the like sanction shall think fit.

2) If thought expedient any such division may subject to the provisions of the act be otherwise than in accordance with the legal rights of the contributories (except were unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights, or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined, on, any contributory who would be prejudiced thereby shall have a right to dissent and ancillary rights as if such determination where a Special Resolution passed pursuant to Section 494 of the Act.

3) In case any shares to be divided as aforesaid involve a liability to call or otherwise any reason entitled under such division to any of the said shares may within ten days after the passing of the Special Resolution by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and liquidators shall if practicable act accordingly.

207 A special resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 if the Act may, subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said Section.

INDEMNITY

208 Subject to the provisions of Section 201 of the Act, every Director, manager and other officer or servant of the company shall be indemnified by the Company against, and it shall be the duty of Directors out of the funds of the Company to pay, all costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such officer or servant or in any way in the discharges 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 he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted by the Court, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

209 Subject to the provisions of Section 201 of the Act, no Director, Manager or other officer of the Company shall be liable for the acts, receipts, neglects of any other Director or Officer or for joining any receipt of other Act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for 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, insolvency or tortious act of any person with whom by 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 misfortunes whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

SECRECY CLAUSE

- 210 No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret, process, or any other matter which may relate to the conduct of the business of the Company, and which in the opinion of the Directors would be inexpedient in the interest of the Company to disclose.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of the Draft Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the 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 located at 18, Surti Chamber, 2nd Dhobi Talao Lane, Mumbai - 400 002, Maharashtra, India, from date of filing the Draft Prospectus with RoC to Issue Closing Date on working days from 10.00 a.m. to 5.00 p.m.

Material Contracts

1. Memorandum of understanding dated July 09, 2013 between our Company and the Lead Manager.
2. Memorandum of Understanding dated September 01, 2012, between our Company and the Registrar to the Issue.
3. Underwriting Agreement dated July 09, 2013 between our Company, the Lead Manager, Market Maker and Underwriter.
4. Market Making Agreement dated July 09, 2013 between our Company, Lead Manager and Market Maker.
5. Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated January 31, 2013.
6. Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated February 04, 2013.
7. Escrow Agreement dated [●] between our Company, the Lead Manager, Escrow Collection Bank and the Registrar to the Issue.

Material Documents

1. Certified true copy of the Memorandum and Articles of Association of our Company, as amended from time to time including certificates of incorporation.
2. Resolution of the Board dated June 07, 2013 authorizing the Issue.
3. Special Resolution of the shareholders passed at the Extra Ordinary General Meeting dated July 09, 2013 authorizing the Issue.
4. Statement of Tax Benefits dated July 09, 2013, issued by our Statutory Auditors, MNRD & Associates, Chartered Accountants.
5. Report of the Statutory Auditors, MNRD & Associates, Chartered Accountants dated July 09, 2013, on the Restated Financial Statements for the Financial Year ended as on March 31, 2012, 2011, 2010, 2009, 2008 and for the period ended January 31, 2013 of our Company.
6. Copy of Certificate from the Statutory Auditor, MNRD & Associates, Chartered Accountants dated June 15, 2013, regarding the source and deployment of funds as on June 15, 2013.
7. Copies of Annual reports of the Company for the years ended March 31, 2012, 2011, 2010, 2009 and 2008 and Audited Financials for the period ended January 31, 2013.
8. Consents of Directors, Company Secretary and Compliance Officer, Statutory Auditors, Legal Advisor to the Issue, Bankers to our Company, the Lead Manager, Registrar to the Issue, Underwriter, Market Maker, Bankers to the Issue/Escrow Collection Banks, Refund Banker to the Issue, to act in their respective capacities.

9. Initial listing applications dated [●] filed with the BSE.
10. Copy of 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.
11. Due Diligence Certificate dated July 13, 2013 from the Lead Manager.
12. Copy of agreement dated November 27, 2012, entered into between our Company and Vinay Poddar, appointing him as the CEO of our Company.
13. Copy of Consent-cum-NOC letter dated October 03, 2012, bearing reference no. OR/CORPBANK/WORLI/01/12 issued by Corporation Bank for our proposed IPO.
14. Resolution of the shareholders passed at their extra ordinary general meeting dated December 14, 2012 for fixing the term of appointment and the remuneration of our Managing Director Santosh Kumar Pralhadrai Saraf.
15. Resolution of the shareholders passed at their extra ordinary general meeting dated December 14, 2012 for fixing the term of appointment and the remuneration of our whole time director Shraddha Animesh Gupta.

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 undersigned, hereby certify that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines and regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Draft Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations or guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Prospectus are true, fair, accurate and correct.

Signed by all the Directors of Subh Tex (India) Limited

Name and designation	Signature
Santosh Kumar Pralhadrai Saraf <i>Managing Director</i>	
Shraddha Animesh Gupta <i>Wholetime Director</i>	
Abhijeet Nandkishore Mittal <i>Independent Director</i>	
Vinod Jagmohan Bansal <i>Independent Director</i>	
Siddharth Prakash Bihani <i>Independent Director</i>	

Signed by the CEO and Head - Finance & Accounts

Vinay Poddar
CEO and Head-Finance & Accounts

Place: **Mumbai**

Date: July 13, 2013

TABLE 1: FORMAT FOR DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY BASAN FINANCIAL SERVICES LIMITED

<i>Sr No</i>	<i>Issue Name</i>	<i>Issue Size ₹ (Cr.)</i>	<i>Issue price (₹)</i>	<i>Listing date</i>	<i>Opening price on listing date</i>	<i>Closing price on listing date</i>	<i>% Change in Price on listing date (Closing) vs. Issue Price</i>	<i>Benchmark index on listing date (Closing)</i>	<i>Closing price as on 10th calendar day from listing day</i>	<i>Benchmark index as on 10th calendar days from listing day (Closing)</i>	<i>Closing price as on 20th calendar day from listing day</i>	<i>Benchmark index as on 20th calendar days from listing day (Closing)</i>	<i>Closing price as on 30th calendar day from listing day</i>	<i>Benchmark index as on 30th calendar days from listing day (Closing)</i>
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Source: All share price data is from "www.bseindia.com".

Note:

1. The BSE Sensex is considered as the Benchmark Index.
2. Price on BSE is considered for all of the above calculations
3. In case 10th/20th/30th day is not a trading day, closing price on BSE of the next trading day has been considered

TABLE 2: SUMMARY STATEMENT OF DISCLOSURE

<i>Financial Year</i>	<i>Total no. of IPOs</i>	<i>Total Funds Raised (Rs. Cr.)</i>	<i>Nos. of IPOs trading at discount on listing date</i>			<i>Nos. of IPOs trading at premium on listing date</i>			<i>Nos. of IPOs trading at discount as on 30th calendar day from listing day</i>			<i>Nos. of IPOs trading at premium as on 30th calendar day from listing day</i>		
			<i>Over 50%</i>	<i>Between 25-50%</i>	<i>Less than 25%</i>	<i>Over 50%</i>	<i>Between 25-50%</i>	<i>Less than 25%</i>	<i>Over 50%</i>	<i>Between 25-50%</i>	<i>Less than 25%</i>	<i>Over 50%</i>	<i>Between 25-50%</i>	<i>Less than 25%</i>
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