



ASHAPURA INTIMATES FASHION LIMITED

(formerly Ashapura Intimates Fashion Private Limited) CIN: U17299MH2006PLC163133

Our Company was incorporated as Ashapura Apparels Private Limited on July 17, 2006 at Mumbai as a private limited company under the Companies Act, 1956. Pursuant to a special resolution passed by the shareholders at an extra-ordinary general meeting held on October 18, 2012, the name of our Company was changed to Ashapura Intimates Fashion Private Limited and a certificate of change of name was issued by Registrar of Companies, Mumbai, Maharashtra on November 9, 2012. Further, pursuant to a special resolution passed by our shareholders at an extra-ordinary general meeting held on December 1, 2012 our Company was converted into a public limited company and the word "private" was deleted from its name. Consequently, the name of our Company was changed to Ashapura Intimates Fashion Limited and a certificate of change of name was issued by Registrar of Companies, Mumbai, Maharashtra on December 19, 2012. For details of changes in our constitution, name and registered office, please see the chapter titled "History and Certain Corporate Matters" on page no. 107 of this Draft Prospectus.

Registered Office: Unit No. 3-4, Ground Floor, Pacific Plaza, Plot No. 570, TPS IV, Off Bhawani Shankar Road, Mahim Division, Dadar (West),
Mumbai – 400 028, Maharashtra, India; **Tel:** +91 22 2433 1552/3, **Fax:** +91 22 2433 1552/3

Company Secretary and Compliance Officer: Ms. Sonali K. Gaikwad; **Website:** www.valentineloungegroup.com; **E-Mail:** ipo@valentineloungegroup.com

OUR PRESENT PROMOTER: MR. HARSHAD H. THAKKAR

PUBLIC ISSUE OF 52,50,000 EQUITY SHARES OF ₹ 10 EACH OF ASHAPURA INTIMATES FASHION LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 40 PER EQUITY SHARE (INCLUDING A SECURITIES PREMIUM OF ₹ 30 PER EQUITY SHARE) AGGREGATING TO ₹ 2,100 LACS (THE "ISSUE"), OF WHICH, 2,62,500 EQUITY SHARES OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (AS DEFINED IN THE CHAPTER TITLED "DEFINITIONS AND ABBREVIATIONS") (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 49,87,500 EQUITY SHARES OF ₹ 10 EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.97% AND 25.62% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. THIS BEING A FIXED PRICE ISSUE, AS PER SUB-REGULATION (4) OF REGULATION 43 OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME ("SEBI (ICDR) REGULATIONS"), OUT OF THE NET ISSUE OF 49,87,500 EQUITY SHARES, MINIMUM 50% OF THE NET ISSUE BEING 24,93,750 SHALL BE AVAILABLE FOR ALLOTMENT TO RETAIL INDIVIDUAL INVESTORS AND THE REMAINING 50% TO OTHER APPLICANTS IRRESPECTIVE OF THE NUMBER OF EQUITY SHARES APPLIED FOR. IF THE RETAIL INDIVIDUAL INVESTOR CATEGORY IS ENTITLED TO MORE THAN 50% ON PROPORTIONATE BASIS, THEY SHALL BE ALLOTTED THAT HIGHER PERCENTAGE. THE MINIMUM APPLICATION SIZE IS ₹ 1,20,000.

THE ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS ("SME ISSUE").

For further details, please see the section titled "Issue Information" on page no. 195 of this Draft Prospectus.

All potential investors may participate in the Issue through an Application Supported by Blocked Amount ("ASBA") process by 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 chapter titled "Issue Procedure" on page no. 202 of this Draft Prospectus.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for our Equity Shares. The face value of the Equity Share is ₹ 10 and the Issue Price is 4 (four) times of the face value. The Issue Price (as determined by our Company in consultation with the Lead Manager) as stated in the chapter titled "Basis for Issue Price" on page no. 61 of this Draft Prospectus should not be taken to be indicative of the market price of the Equity Shares after Equity Shares are listed. No assurance can be given regarding an active or sustained trading in Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing. However, as required under Regulation 106V of the SEBI (ICDR) Regulations, the Lead Manager will ensure compulsory market making in the manner specified by Securities and Exchange Board of India ("SEBI") for a minimum period of 3 (three) years from the date of listing of the Equity Shares.

IPO GRADING

This Issue has been graded by CARE as 4, indicating very good fundamentals. The IPO Grading is assigned on a five point scale from one to five, with IPO Grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating weak fundamentals. For further details, please see the chapter titled "General Information" on page no. 36 of this Draft Prospectus.

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 our Company and this Issue including the risks involved. The Equity Shares have not been recommended or approved by the SEBI or the BSE Limited ("BSE"), nor does SEBI or BSE guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the section titled "Risk Factors" on page no. 13 of this Draft Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this 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 this Draft Prospectus is true, correct and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this 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 this Draft Prospectus are proposed to be listed on the SME Platform of BSE Limited. In terms of Chapter XB of SEBI (ICDR) Regulations, 2009 as amended from time to time, we are not required to obtain any in principle listing approval for the Equity Shares being offered in this Issue. However, our Company has received an approval letter dated [●] from BSE Limited for using its name in this Draft Prospectus for listing our shares on the SME Platform of the BSE. For the purpose of this Issue, the Designated Stock Exchange will be the BSE Limited.

SOLE LEAD MANAGER		REGISTRAR TO THE ISSUE	
	KJMC CORPORATE ADVISORS (INDIA) LIMITED (formerly KJMC Global Market (India) Limited) 168, 16th Floor, Atlanta, Nariman Point, Mumbai – 400 021 Tel : +91 22 4094 5500 ; Fax: +91 22 2285 2892 Email: ipo.ashapura@kjmc.com Website: www.kjmc.com Contact Person: Mr. Swapnilsagar Vithalani / Mr. Ankit Doshi SEBI Regn. No: INM000002509		LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 Tel: +91 22 2596 7878; Fax: +91 22 2596 0329 Email: aifl.ipo@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Sachin Achar SEBI Registration No: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON: [●]

ISSUE CLOSES ON: [●]

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act or regulation shall be to such legislation, act or regulation as amended from time to time

General Terms

Term	Description
“We” / “our Company” / “the Company” / “AIFL” / “the Issuer” / “us”	Ashapura Intimates Fashion Limited, a company incorporated under the Companies Act and having its Registered Office at Shop No. 3-4, Ground Floor, Pacific Plaza, Plot No. 570, TPS IV, Off Bhawani Shankar Road, Mahim Division, Dadar (West), Mumbai – 400 028, Maharashtra, India
"You" / "Your" / "Yours"	Prospective Investors in this Issue

Company related terms

Term	Description
Articles / Articles of Association / AOA	Articles of Association of our Company, unless the context otherwise specifies
Audit Committee	The committee of the Board of Directors constituted as our Company's Audit Committee in accordance with Clause 52 of the SME Equity Listing Agreement to be entered into with the BSE
Auditors / Statutory Auditors	The statutory auditor of our Company is, M/s JDNG & Associates, Chartered Accountants (Firm Registration No. 104315W and Membership No.104738) having their office at F – 30 / 31, Dreams The Mall, L.B.S. Marg, Bhandup – (West), Mumbai – 400 078, Maharashtra, India
Board / Board of Directors / our Board	The board of directors of our Company or a duly constituted committee thereof, unless the context otherwise specified
Director(s) / our Directors	The director(s) of our Company, unless the context otherwise specified
Equity Share(s)	Equity Shares of our Company of the face value ₹10 each, fully paid-up, unless the context otherwise specified
Executive Director(s)	Managing Director or Whole Time Director(s) of our Company
Group Company / ies	The companies or firms and ventures disclosed in the chapters titled “Our Promoter and Promoter Group” and “Group Company” on page no. 123 and page no. 126 respectively of this Draft Prospectus, irrespective of whether such entities are covered under Section 370 (1B) of the Companies Act, 1956
Independent Directors / Non-Executive Directors	Independent Directors and Non-Executive Directors of our Company
MAPL / Momai Apparels Private Limited	Momai Apparels Private Limited, a company incorporated under the Companies Act and having its Registered Office at Shop No. 305-309, 3 rd Floor, Pacific Plaza, Plot No. 570, TPS IV, Off Bhawani Shankar Road, Mahim Division, Dadar (West), Mumbai – 400 028, Maharashtra, India; Group Company
Memorandum / Memorandum of	Memorandum of Association of our Company, unless the

Term	Description
Association / MOA	context otherwise specified
Peer Reviewed Auditor	Statutory Auditors of our Company, being M/s JDNG & Associates, Chartered Accountants
Promoter	Mr. Harshad H. Thakkar
Promoter Group	The persons and entities constituting the promoter group of our Company in terms of Regulation 2(zb) of the SEBI (ICDR) Regulations and disclosed in the chapter titled “ <i>Our Promoter and Promoter Group</i> ” on page no. 123 of this Draft Prospectus
Registered Office	The registered office of our Company, located at Shop No. 3-4, Ground Floor, Pacific Plaza, Plot No. 570, TPS IV, Off Bhawani Shankar Road, Mahim Division, Dadar (West), Mumbai – 400 028, Maharashtra, India
Remuneration Committee	The committee of the Board of Directors constituted as our Company’s Remuneration Committee in accordance with Clause 52 of the SME Equity Listing Agreement to be entered into with the BSE
Investor Grievance Committee	The committee of the Board of Directors constituted as our Company’s Investor Grievance Committee in accordance with Clause 52 of the SME Equity Listing Agreement to be entered into with the BSE
Stock Exchange	Unless the context requires otherwise, refers to BSE Limited
Whole Time Directors	Whole Time Directors of our Company

Issue Related Terms

Term	Description
Allotment of Equity Shares / Allot / Allotted	Unless the context otherwise requires, means the allotment of Equity Shares pursuant to this Issue to successful applicants.
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who are Allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	The successful applicant to whom the Equity Shares have been allotted
Applicant(s)	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form(s)	The Form in terms of which the applicant shall apply for the Equity Shares of our Company
ASBA / Application Supported by Blocked Amount	Means an application for subscribing to this Issue containing an authorization to block the application money in a bank account maintained with SCSB. ASBA is mandatory for QIBs and Non Institutional Applicants participating in this Issue
ASBA Account	An account maintained with the SCSB and specified in the Application Form for blocking the amount mentioned in the Application Form
ASBA Investors / ASBA Applicant	Any prospective investor(s) in this Issue who applies through the ASBA process
ASBA Application Form	The form, whether physical or electronic, used by an ASBA Applicant to make an application, which will be considered as the application for Allotment for the purposes of this Prospectus
Banker to the Company	Bank of Baroda, Colaba Branch, Esperanca Building, Shahid Bhagat Singh Road, Colaba, Mumbai – 400 039,

Term	Description
	Maharashtra, India
Banker(s) to the Issue	The banks registered with SEBI as Banker to the Issue with whom the Public Issue Account will be opened and in this case being IndusInd Bank Limited, Cash Management Services, Solitaire Corporate Park, No. 1001, Building No. 10, Ground Floor, Guru Hargovindji Marg, Andheri (East), Mumbai – 400 093, Maharashtra, India.
Basis of Allotment	The basis on which Equity Shares will be Allotted to successful applicants under the Issue and which is described under the chapter titled “ <i>Issue Procedure</i> ” on page no. 202 of this Draft Prospectus
BSE	BSE Limited, the Designated Stock Exchange
CARE	Credit Analysis & Research Limited
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate application under this Issue by the ASBA Applicants with the Registrar to the Issue, Lead Manager and the Designated Stock Exchange and a list of which is available at www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time in this case being CDSL and NSDL
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Application Form used by ASBA Applicant and a list of which is available on www.sebi.gov.in
DP ID	Depository Participant's Identity Number
Eligible NRI	A Non Resident Indian, resident, in a jurisdiction outside India where it is not unlawful to make an application to subscribe to this Issue
Employees	Employees of Ashapura Intimates Fashion Limited
IPO	Initial Public Offer
ISIN	The International Securities Identification Number of our Company is INE428O01016
Issue / Issue Size / Public Issue	The Public Issue of 52,50,000 Equity Shares of ₹ 10 each at ₹ 40 each (including securities premium of ₹ 30) per Equity Share aggregating to ₹ 2,100 Lacs by our Company through this Draft Prospectus
Issue Opening Date	[●]
Issue Closing Date	[●]
Issue Price	The price at which the Equity Shares are being issued by our Company under this Draft Prospectus being ₹ 40 (including securities premium of ₹ 30) per Equity Share unless the context otherwise specified
Issue Proceeds / Gross Proceeds	Proceeds to be raised by our Company through this Issue
LM / Lead Manager / KJMC	Lead Manager to the Issue, in this case being KJMC Corporate Advisors (India) Limited [formerly known as “KJMC Global Market (India) Limited”]
Listing Agreement / SME Equity Listing Agreement	Unless the context specifies otherwise means the SME Equity Listing Agreement to be signed between our Company and the BSE for listing on the SME Platform
Market Maker(s)	Member Brokers of BSE who are specifically registered as Market Makers with the BSE SME Platform. In our case, NNM Securities Private Limited (Registration No. SMEMM0053924082012) is the sole Market Maker
Market Maker Reservation Portion	2,62,500 Equity Shares of ₹ 10 each reserved out of the Issue

Term	Description
	size for firm allotment to the Market Maker
Mutual Funds	Means mutual funds registered with SEBI pursuant to SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Net Issue / Net Issue to the public	49,87,500 Equity Shares of ₹ 10 each out of the Issue size
Non Institutional Investor(s) / Non Institutional Applicant(s)	Investors other than Retail Individual Investors, NRIs and QIBs
OCB / Overseas Corporate Body	A Company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCB are not allowed to invest in this Issue.
Payment through electronic transfer of funds	Payment through NECS, NEFT or Direct Credit, as applicable
Prospectus	The Prospectus, filed with the RoC containing, inter alia, the Issue opening and closing dates and other information
Public Issue Account	Account opened with the Banker to the Issue and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheque/(s) or draft/(s) in respect of the Application Amount when submitting an Application
Qualified Institutional Buyers / QIBs	<ul style="list-style-type: none"> • Mutual Funds, Venture Capital Funds, or Foreign Venture Capital Investors registered with the SEBI; • FIIs and their sub-accounts registered with the SEBI, other than a subaccount which is a foreign corporate or foreign individual; • Public financial institutions as defined in Section 4A of the Companies Act; • Scheduled Commercial Banks; • Multilateral and Bilateral Development Financial Institutions; • State Industrial Development Corporations; • Insurance Companies registered with the Insurance Regulatory and Development Authority; • Provident Funds with minimum corpus of ₹ 2,500 Lacs; • Pension Funds with minimum corpus of ₹ 2,500 Lacs; • National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and • Insurance Funds set up and managed by the army, navy, or air force of the Union of India. • Insurance Funds set up and managed by the Department of Posts, India <p>Apart from above, any other entity as specified by SEBI.</p>
Refund Account(s)	Account 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(s)	The bank(s) which are registered with the SEBI as Banker to the Issue, at which the Refund Accounts will be opened, in this case being IndusInd Bank Limited, Cash Management

Term	Description
	Services, Solitaire Corporate Park, No. 1001, Building No. 10, Ground Floor, Guru Hargovindji Marg, Andheri (East), Mumbai – 400 093, Maharashtra, India
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds mean refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable
Registrar to the Issue / Registrar	Registrar to this Issue, in this case being Link Intime India Private Limited
Restated Financial Statements / Restated Summary Statements	Restated Financial Statements of our Company provided by Peer Reviewed Auditor dated January 15, 2013
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount not more than ₹ 2 Lacs (including HUFs applying through their Karta) and ASBA Applicants, who have Applied for an amount less than or equal to ₹ 2 Lacs
SCSB Agreement	The deemed agreement between the SCSBs, the LM, the Registrar to the Issue and our Company, in relation to the collection of Applicants from the ASBA Applicants and payment of funds by the SCSBs to the Public Issue Account
Self Certified Syndicate Bank(s) / SCSB(s)	The banks which are registered with SEBI under the SEBI (Banker to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of an ASBA account in accordance with SEBI (ICDR) Regulations, a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf or any such other webpage as may be prescribed by SEBI from time to time
SIDBI	Small Industries Development Bank of India
SME Platform of BSE / BSE SME Exchange	The SME Platform of BSE, approved by SEBI as an SME Exchange on September 27, 2011, for listing of equity shares offered pursuant to the provisions of Chapter X-B of the SEBI (ICDR) Regulations
Underwriters	The LM and NNM Securities Private Limited who have underwritten this Issue pursuant to the provisions of the SEBI (ICDR) Regulations and the SEBI (Underwriters) Regulations, 1993, as amended from time to time
Underwriting Agreement	The Agreement dated [●] entered between the Underwriters and our Company
Working Days	In accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010, unless the context otherwise requires working days shall mean all days excluding Sundays and Bank holidays in the State where the registered office the company is situated, in this case being Maharashtra

Technical / Industry Related Terms

Term	Description
CAD	Computer Aided Design
CAM	Computer Aided Manufacturing
DG Set	Diesel Generator Set
EBOs	Exclusive Brand Outlets
MBOs	Multi Brand Outlets

Conventional Terms / Abbreviations

Term	Description
Additional Duties of Excise (Textiles and Textile Articles) Act	The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 as amended from time to time
A/C	Account
AGM	Annual General Meeting
Air (Prevention and Control of Pollution) Act	The Air (Prevention and Control of Pollution) Act, 1981 as amended from time to time
Alternative Investment Funds	Alternative Investment Funds as defined in and registered under SEBI AIF Regulations
Approx.	Approximately
AS	Accounting Standards as notified under Companies (Accounting Standard) Rules, 2006
Assessment Year	Period of twelve months commencing on 1 st April every year and ending on 31 st March of the next year
AY	Assessment Year
Bombay Shops and Establishments Act	The Bombay Shops and Establishments Act, 1948 as amended from time to time
C&F	Clearing and Forwarding Agent
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Central Sales Tax Act	The Central Sales Tax Act, 1956 as amended from time to time
Child Labour Prohibition and Regulation Act	The Child Labour Prohibition and Regulation Act, 1986 as amended from time to time
CII	Confederation of Indian Industry
CIN	Corporate Identification Number
Competition Act	The Competition Act, 2002 as amended from time to time
Companies Act	The Companies Act, 1956 as amended from time to time
Contract Labour (Regulation and Abolition) Act	The Contract Labour (Regulation and Abolition) Act, 1970
Cotton Control Order	The Cotton Control Order, 1986 as amended from time to time
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository Participant	A depository / ies participant as defined under the Depositories Act
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion
EGM	Extra Ordinary General Meeting
Employers' Liability Act / ELA	The Employers' Liability Act, 1938 as amended from time to time
Environment (Protection) Act / EPA	Environment (Protection) Act, 1986 as amended from time to time
Employees' Provident Fund and Miscellaneous Provisions Act/EPF	The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 as amended from time to time
Employees' State Insurance Act/ESI	The Employees' State Insurance Act, 1948 as amended from time to time
EPS	Earnings Per Share
Equal Remuneration Act	The Equal Remuneration Act, 1979 as amended from time to time
EURO / €	Euro, the official currency of the European Union
Excise Act	The Central Excise Act, 1944 as amended from time to time

Term	Description
Factories Act	The Factories Act, 1948 as amended from time to time
FCNR	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
FII(s)	Foreign Institutional Investors
Financial Year / Fiscal / FY	The period of twelve months ending on March 31 of each year
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GIR	General Index Registration Number
GOI	Government of India
HNI	High Net worth Individual
HP	Horse Power
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
ID	Identification
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Indian Contract Act	The Indian Contract Act, 1872 as amended from time to time
Hazardous Waste (Management and Handling) Rules	Hazardous Waste (Management and Handling) Rules, 1989 as amended from time to time
Income Tax Act / IT Act	The Income Tax Act, 1961 as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
Industrial Disputes Act	The Industrial Disputes Act, 1947 as amended from time to time
Industrial Dispute (Central) Rules	Industrial Dispute (Central) Rules, 1957 as amended from time to time
Industrial Employment (Standing Orders) Act / Standing Orders Act	The Industrial Employment (Standing Orders) Act, 1946 as amended from time to time
Inter-State Migrant Workman (Regulation of Employment and Conditions of Service) Act	The Inter-State Migrant Workman (Regulation of Employment and Conditions of Service) Act, 1979 as amended from time to time
IT Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise
INR / Rs. / Rupees / ₹	Indian Rupees, the legal currency of the Republic of India.
IRDA	Insurance Regulatory and Development Authority
KVA	Kilo Volt Amperes
Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act	The Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 as amended from time to time
Maternity Benefit Act	The Maternity Benefit Act, 1961 as amended from time to time
MAT	Minimum Alternate Tax
MENA	Middle East and North Africa
Merchant Banker	Merchant Banker as defined under the Securities and

Term	Description
	Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended from time to time
MICR	Magnetic Ink Character Recognition
Minimum Wages Act / MWA	The Minimum Wages Act, 1948 as amended from time to time
MOF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
MRTP Act	The Monopolies and Restrictive Trade Practices Act, 1969 as amended from time to time
MSP	Minimum Selling Price
MVA	Manufacturing Value Added
N.A.	Not Applicable
National Textile Policy / Textile Policy	The National Textile Policy, 2000 as amended from time to time
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
No. / no.	Number
NOC	No Objection Certificate
Non Resident(s)	A person resident outside India, as defined in the Foreign Exchange Management Act, 1999 as amended from time to time
NPV	Net Present Value
NRE Account	Non Resident External Account
NRIs / Non Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended from time to time
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
p.a.	Per Annum
PAN	Permanent Account Number allotted under the Income Tax Act, 1961 as amended from time to time
PAT	Profit after Tax
Payment of Bonus Act	The Payment of Bonus Act, 1965 as amended from time to time
Payment of Gratuity Act / PGA	The Payment of Gratuity Act, 1972 as amended from time to time
Payment of Wages Act / PWA	The Payment of Wages Act, 1936 as amended from time to time
Person(s)	A natural person or an artificial person constituted under applicable laws in India or outside India
R&D	Research and Development
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time
RoC / Registrar of Companies	Registrar of Companies, Mumbai situated in the State of Maharashtra
RoE	Return on Equity
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from

Term	Description
	time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI AIF Regulations	Securities Exchange Board of India (Alternate Investment Fund) Regulations, 2012 as amended from time to time.
SEBI (Foreign Institutional Investors) Regulations	Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995 as amended from time to time
SEBI (Foreign Venture Capital Investor) Regulations	Securities Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 as amended from time to time
SEBI (ICDR) Regulations or ICDR Regulations or Regulations	Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on August 26, 2009, as amended, including instructions, circulars, orders, directions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations or SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time
SEBI (Venture Capital) Regulations	Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
Sl. No.	Serial Number
Societies Registration Act	The Societies Registration Act, 1860 as amended from time to time.
Sq. ft.	Square feet
Textile Committee Act	The Textile Committee Act, 1963 as amended from time to time
TIN	Tax Identification Number
Trade Union Act	The Trade Union Act, 1926 as amended from time to time
Trade Marks Act	The Trade Marks Act, 1999 as amended from time to time
UK	United Kingdom
US / USA	United States of America
USD / US\$	United States Dollars
US GAAP	Generally Accepted Accounting Principles in the USA
U.S. Securities Act	U.S Securities Act, 1933 as amended from time to time
VAT	Value Added Tax
VCFs	Venture Capital Funds
w.e.f.	With effect from
Water (Prevention and Control of Pollution) Act	The Water (Prevention and Control of Pollution) Act, 1974 as amended from time to time
Workmen's Compensation Act / WCA	The Workmen's Compensation Act, 1923 as amended from time to time
WTO	World Trade Organization
Y-o-Y / y-o-y	Year on year

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

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to “India” contained in this Draft Prospectus are to the Republic of India.

Financial Data

Unless stated otherwise, our financial data included in this Draft Prospectus is derived from the audited financial statements, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI (ICDR) Regulations. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Our Company’s financial year commences on April 1 and ends on March 31 of the next year. All references to particular financial year, unless otherwise indicated, are to the 12 months period ended March 31 of that year.

There are significant differences between Indian GAAP, US GAAP and IFRS. The reconciliation of the financial statements to IFRS or US GAAP financial statements has not been provided. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Prospectus, and it is urged that you consult your own advisors regarding such differences and their impact on our Company’s financial data. Accordingly, the degree to which the restated summary statements included in this 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 this Draft Prospectus would accordingly be limited.

Unless otherwise indicated, any percentage amounts, as set forth in the section titled “*Risk Factors*”, chapters titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page no. 13, page no. 85 and page no. 162 respectively of this Draft Prospectus, and elsewhere in this Draft Prospectus have been calculated on the basis of the restated summary statements.

Currency and Units of Presentation

All references to “Rs. / INR / ₹” or “Rupees” are to Indian Rupees, the official currency of the Republic of India.

All references to “US\$” or “USD” are to United States Dollars, the official currency of the United States of America.

All references to “Euro” or “€” are to European Union, the official currency of the European Union.

Exchange Rates

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the USD (in Rupees per USD) and the Rupee and the Euro (in Rupees per Euro).

	January 10, 2013	March 31, 2012	March 31, 2011	March 31, 2010
US\$	54.63	51.16*	44.65	45.14
Euro	71.32	68.34*	63.24	60.56

Source: RBI Reference Rate

* Exchange rate as on March 30, 2012, as RBI Reference Rate is not available for March 31, 2012 being a Saturday.

No representation is made that the Indian Rupee amounts actually represents such USD or EURO amounts or could have been or could be converted into USD or EURO at the rates indicated, any other rate or at all.

The USD or EURO amounts received, or remitted, by our Company have been converted at the prevailing exchange rates at the time of such conversion.

Any conversions of USD or EURO or other currency amounts into Indian Rupees in this Draft Prospectus should not be construed as a representation that those USD or EURO or other currency amounts could have been, or can be, converted into Indian Rupees at any particular conversion rate.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Prospectus have been obtained or derived from publicly available information as well as industry publications 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. Accordingly, no investment decision should be made on the basis of such information. Although, we believe that industry data used in this Draft Prospectus is reliable, it has not been independently verified.

The extent to which the market and industry data used in this Draft Prospectus is meaningful depends on the reader's familiarity 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.

Definitions

For definitions, please see the chapter titled "Definitions and Abbreviations" on page no. 1 of this Draft Prospectus. In the section titled "*Main Provisions of the Articles of Association*" on page no. 220 of this Draft Prospectus, defined terms have the meaning given to such terms in the AOA of our Company.

FORWARD-LOOKING STATEMENTS

This Draft Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are based on proposed plans, estimates and expectations subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- failure to manage our growth and scalability or adapt to industry trends, consumer behavior and technological developments;
- inability to provide better products or services than our competitors;
- failure to maintain and enhance awareness of our brand;
- changes in laws, rules and regulations and legal uncertainties;
- inability to control raw material cost and supply;
- unprecedented and challenging economic conditions; and
- political instability or change in economic liberalization and deregulation policies.

For further discussion of factors that could cause the actual results to differ from the expectations, please see the section titled “*Risk Factors*”, chapters titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page no. 13, page no. 85 and page no. 162 respectively of this Draft Prospectus. 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 gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views as on the date of this Draft Prospectus and are not a guarantee of future performance. These statements are based on our Management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Lead Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. Our Company will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Designated Stock Exchange.

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Draft Prospectus, including the risks and uncertainties described below, before making an investment decision in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, results of operations and financial condition. To obtain a complete understanding of our Company, prospective investors 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” on page no. 85 and page no. 162 respectively of this Draft Prospectus, as well as the other financial and statistical information contained in this Draft Prospectus. If any of the risks described below actually occur, our business, prospects, financial condition and results of operations could be adversely affected, the trading price of our Equity Shares could decline, and prospective investors may lose all or part of their investment. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

This 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 certain factors, including the considerations described below and elsewhere in this Prospectus. Please see the chapter titled “Forward-Looking Statements” on page no. 12 of this Draft Prospectus.

Unless specified or quantified in the relevant risks factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. Unless otherwise stated, the financial information of our Company used in this section has been derived from the chapter titled “Restated Financial Statements” on page no. 130 of this Draft Prospectus.

INTERNAL RISK FACTORS

1. Our Promoter is a party to litigation related to tax matters, which is pending before the Income Tax Authorities.

The Income Tax Appellate Tribunal, Mumbai Bench “H”, Mumbai dealing with the miscellaneous application moved by the Department of Revenue under Section 254(2) of the IT Act passed an order dated October 31, 2012 against our Promoter directing reassessment proceedings by the Assessing Officer reexamining the genuineness and creditworthiness of the loan amount of ₹ 1,00,000 each from Mr. Manilal Savla and Shilpa Shah. The matter is pending before the assessing officer. The said matter is pending before the Income Tax Authorities. No assurances can be given that the above proceedings shall be determined in favour of our Promoter.

Except as mentioned above, there are no other litigations, proceedings, civil or criminal past, pending or contemplated, by or against our company, promoter, directors and Group Company.

For further details of these legal proceedings, please see the chapter titled “Outstanding Litigation and Material Developments” on page no. 178 of this Draft Prospectus.

2. Our Group Company MAPL has applied for factory license under Factories Act.

Our Company procures non-branded intimate garments from various vendors including MAPL. MAPL has applied for the registrations required under the Factories Act vide application dated December 26, 2012. The non registration under the Factories Act, may adversely impact MAPL’s ability to supply goods to our Company, which may further impact our Company’s ability to supply products to its

customers. If the license is not granted in a timely manner or not granted at all, it may adversely affect our business and operations.

MAPL has already made an application for registration under the Factories Act as mentioned above and the management of MAPL is following up with the authority for availing the said registration. Our Group Company has obtained the requisite licenses and approvals from time to time during the regular course of our business.

3. Our Company may require a number of approvals, licenses, registrations and permits for its business.

Our Company requires a number of approvals, licenses, registrations and permits for its business. Additionally, we may need to apply for renewal of approvals which expire from time to time and as and when required in the ordinary course. Our Company's failure to receive the approvals within the time frames anticipated or at all could result in interruptions of our operations and may have an adverse effect on our business and financial position.

Our Company has obtained the requisite licenses and approvals from time to time during the regular course of our business. Some of the applications may be pending with the relevant authorities. However our Company has not obtained statutory approvals under the Factories Act for carrying on manufacturing activities since inception. The approval under the Factories Act, was applied for in 2009 but the application was later withdrawn. Such non compliance may result in proceedings against our Company and the Directors under the Factories Act and such actions may directly and immediately affect our operations and performance.

For further details of approvals, licenses, registrations and permits required by our Company please see the chapter titled "Government Approvals" on page no. 180 of this Draft Prospectus.

4. Assignment of trademark "Valentine" in the name of our Company is pending at the office of Registrar of Trademark, Mumbai and registration and assignment for the trademark "Night & Day" is pending at the office of Registrar of Trademark, Mumbai

The Promoter of our Company is the proprietor of the registered trade mark "Valentine" (Class 25) (application no.1220489). Our Promoter has assigned the "Valentine" Trademark in favour of our Company through the agreement for sale of his proprietary business entered on October 22, 2007. Consequently, our Company has made an application for assignment of the trademark and the same is pending at the office of Registrar of Trademark, Mumbai.

The assignment of brand allows us to use the "Valentine" trademark. Since, the application as mentioned above is pending, the use of such trademarks by third parties cannot be prohibited by our Company by means of statutory protection until our Company's name is entered as a subsequent registered proprietor on the trademark register.

Further, it may be noted that the proprietor of the registered trade mark being the Promoter of our Company may prohibit use of such marks by third parties.

A Whole Time Director, Mr. Dinesh C. Sodha, of our Company, has applied for registration of "Night & Day" trademark under class 25 vide application no. 1851839 dated August 18, 2009. He has also agreed to assign the trademark "Night & Day" in favour of our Company upon the grant of the registration which will enable our Company to prohibit the use of such trademark by third parties. If the registration is not granted, it may have an adverse impact on business of our Company.

5. ***Registration of 10 (ten) trademarks (excluding the 2 (two) trademarks mentioned above) is pending at the office of Registrar of Trademark, Mumbai.***

Our Company has applied for registration for 10 (ten) trademarks with Registrar of Trademark, Mumbai. There can be no assurance that the all or any of the above mentioned trade mark applications shall be granted. Our Company may need to litigate in order to protect our interests; such litigation may be costly and time consuming with no guarantee of favourable result. The business or goodwill of our Company may be adversely affected by its failure to protect the trademark against misuse by any third party.

For further details, please refer to the chapter titled “Our Business – Intellectual Property” on page no. 96 of this Draft Prospectus.

6. ***Objects of the Issue have not been appraised by any bank, financial institution or other independent agency and the same are based on internal management estimates and quotation from third parties as may be applicable.***

As the objects of the issue have not been appraised, there may be changes in costs including due to factors not in control of our Company which may require the Company to revise or cancel the planned expenditures which may have an adverse effect on the business of our Company. Further, the Board of Directors shall have significant flexibility in applying the proceeds of the Issue, which may affect the results of our operations.

Our estimated funding requirements are as per our current business plan. The actual operations may differ from the internal management estimates and third party quotations. Therefore, our Company may not be able to deploy funds as planned.

We believe that our Promoter and Management have requisite experience in setting up the operations and we may not face substantial challenges to deploy the Issue Proceeds.

For further details, please see the chapter titled “Objects of the Issue” on page no. 53 of this Draft Prospectus.

7. ***We have not placed any orders for the purchase of machinery in connection with our proposed modernisation for which a part of Issue Proceeds are proposed to be deployed. Further, some of the machinery that we propose to procure may be imported and we may be subject to the risks arising out of currency rate fluctuations. If we are unable to procure such machinery in a timely manner, on commercially favourable terms and / or at all, our operations, profitability and financial condition may be adversely affected. We may face time and cost overruns for the same.***

We have not placed any orders or entered into any written arrangements in connection with the purchase of machinery aggregating to ₹ 300 Lacs, relating to our proposed modernisation, as further detailed in chapter titled “Objects of the Issue” on page no. 53 of this Draft Prospectus.

We believe that our Promoter has requisite experience for purchases of machinery and we may not face substantial challenges in procuring the machinery on commercially acceptable terms. It may further be noted that the Company has started discussion with vendors for the purchase of the machinery.

8. ***Our business growth depends largely on the relationships built by our Management including our Promoter over a period of time, design team and operations team including other skilled professionals with stakeholders. If we are unable to retain, motivate and / or attract them, our business may be unable to grow.***

Our ability to satisfy the existing customers and to add new customers depends a large part on our ability to attract, train, motivate and retain such personnel. Further, we may not be able to redeploy and retrain our employees to keep them abreast with continuing changes in the segment which we operate and

changing customer preferences and tastes. We believe that there is significant competition for professionals with the necessary skill-sets in our industry.

Our Promoter shareholding would be 1,13,18,440 constituting 58.14% of post Issue paid up equity share capital, whereby he continues to hold substantial interest in our Company. The relationships that our Promoter has built and nurtured has rendered significant advantages to our Company. Also, most of our employees have been with the Company for a long period of time.

9. *We may have liability under the ESI Act*

In July, 2012, our Company had received a notice from the Employees State Insurance Corporation (“ESIC”) regarding the applicability of the Employees’ State Insurance Act (“ESI Act”) to us. Our Company was requested to take immediate steps for registration of its employees; however, no assessment order was issued against our Company by the ESIC. There has been no further communication from the ESIC in this regard.

It may be noted that our Company has complied and obtained requisite registration under the ESI Act. Further, our Company has regularised payments under ESI Act upto November 30, 2012.

There can be no assurance that the ESIC will not issue an assessment order and penalty proceedings against our Company. If an assessment order is passed against us the Company will have to contest the same and may have to deposit a significant amount of money. This could adversely affect our financial condition and our business.

For further details, please see the chapter titled “Government Approvals” on page no. 180 of this Draft Prospectus.

10. *We may have liability under the EPF Act*

In October 2012, our Company received a notice from the Employee Provident Fund Organisation regarding the applicability of the EPF Act to us. Our Company was requested to comply with the EPF Act and the schemes framed there under with effect from 01/05/2009 and make the payments of PF contributions and allied dues; however there has been no further communication from the Employee Provident Fund Organisation in this regard.

It may be noted that our Company has complied and obtained requisite registration under the EPF Act. Further, our Company has regularised payments under EPF Act upto November 30, 2012.

There can be no assurance that our Company will not incur a liability of significant amounts of money under the EPF Act for unpaid dues and penalties. Incurring such liability could adversely affect our financial condition and our business.

11. *Our inability to correctly identify and understand changing customer preferences and tastes may affect our business.*

It is our endeavour to keep ourselves abreast with the latest fashion trends and to introduce the designs according to the customer preference like comfort, choice etc. to broad base our product portfolio and augment our business.

We believe our management expertise lies in designing and styling of our products after identifying fashion trends, customer needs and preferences which are derived from continuous interaction with our customers for their valued feedback. We have consistently endeavoured to provide products which are glamorous and stylish coupled with products which render comfort and fit.

12. We sell our products in highly competitive markets and our inability to compete effectively may lead to lower market share or reduced operating margins, and adversely affect our results of operations

Our Company sells its products in a highly competitive market and faces competition from other brands. To remain competitive in the business we must make continuous efforts to effectively market our products. This may adversely affect our profitability and results of operations.

Our Company focuses on design, marketing and branding of our products. We have been able to establish various brands which are launched by us very successfully even while other brands were prevailing in the market. Our continuous efforts towards devising the good marketing strategy coupled with stylish, comfortable and glamorous product portfolio shall enable us to grow our market share and maintain our competitiveness.

13. Our Company has not entered into any binding agreements with distributors and retailers for distributing its products in the market.

Although, our Company believes that it maintains good relations with the existing distributors, there can be no assurance that the distributors would not fail to fulfil their obligations. In such an event, our Company may be unable to enforce such obligations or succeed in a claim against them for damages. This may have a material adverse effect on our business and financial condition as our Company may not be able to find replacements on time.

Inherent ingredients of our business are trust, understanding and relationships with our associates including customers and vendors. Our Company and promoter and management have been able to establish cordial relationship with distributors and retailers over a period of time. We do not foresee challenges in maintaining these relationships to help grow our business.

14. There are no binding agreements with raw material suppliers on whom our Company relies for a continued supply of raw materials except an exclusive manufacturing agreement entered with MAPL. Any disruption in that supply could have an adverse affect on our business.

Our Company purchases raw materials, such as fabric, accessories, embellishments, etc. on its own for the products depending on the fashion trends and seasons from a number of suppliers. We also provide specifications, for the fabric, accessories, etc. required for manufacturing, to vendors who provide us the non branded intimate garments. These vendors may procure such raw materials required from domestic market and / or from international markets. However, our Company has not yet entered into any binding agreements with these raw material suppliers on whom our Company relies for a continued supply of raw materials except an exclusive manufacturing agreement entered with MAPL.

Therefore, in the event that these raw material suppliers fail to fulfil their obligations to us, our Company may be unable to enforce such obligations or succeed in a claim against them for damages, which could have an adverse affect on our business and financial condition. Our Company cannot confirm that if we succeed in a claim against raw material suppliers, damages, if any, payable would be sufficient compensation for our losses.

The Company feels that in case of disruption in supply from existing vendors for the required raw material, there are other vendors from whom the Company can source their raw materials requirement on competitive terms.

15. We have indebtedness and will continue to have debt service obligations after the Issue. We have availed of certain loans from related parties, which may be recalled at any time.

Pursuant to various financing and other related agreements, our Company has availed secured loans aggregating to ₹ 5,281.71 and unsecured loans aggregating to ₹ 260.63 Lacs as on January 31, 2013. Subject to the terms and conditions of the said loan agreements, such unsecured loans may be recalled at any time by such lenders. In the event such loans are recalled our business, prospects, results of

operations and financial condition could be adversely affected. Of the above mentioned unsecured loans availed by our Company, ₹ 149.49 Lacs is from the related parties viz. Mr. Harshad H. Thakkar, Mr. Dinesh C. Sodha and Momai Apparels Private Limited.

For further details, please see the chapter titled “*Financial Indebtedness*” on page no. 172 and “Restated Financial Statements - Related Party Transaction” on page no. 145 respectively of this Draft Prospectus.

16. Our lenders have imposed certain conditions and restrictions through the agreements whereby they have lent funds to our Company. These conditions and restrictions may adversely affect our ability to conduct business.

Our financing arrangements are secured by movable and immovable assets. Our financing agreements also include various conditions and covenants that require us to obtain lenders consents prior to carrying out certain activities and entering into certain transactions. Failure to obtain these consents or observe these covenants could have significant consequences on our business and operations.

Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities and acceleration of all amounts due may affect our ability to conduct our business.

For further details, please see the chapter titled “*Financial Indebtedness*” on page no. 172 of this Draft Prospectus

17. If we are unable to obtain the necessary funds for our growth plans, our business and results of operations may be adversely affected.

There can be no assurance that debt or equity financing or our internal accruals shall be available or sufficient to fund our growth plans. Following limitation may restrict our ability to obtain required capital on acceptable terms in addition to other uncertainties:

- limitations on our ability to incur additional debt, as a result of prospective lenders’ evaluations of our creditworthiness and due to restrictions on further incurrence of debt in our existing and anticipated credit facilities;
- our future results of operations, financial condition and cash flows.

Due to our inability to raise sufficient capital to finance our growth plans, the business of our Company and results of operations may be adversely affected.

18. Our Company has experienced negative cash flows in prior periods. Any negative cash flows in the future would adversely affect our results of operations and financial condition

We have in the past, experienced negative cash flows as further detailed below:

₹ in Lacs

Particulars	For the period ended September 30, 2012	For the year ended				
		March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Net Cash Flow from/(used in) Operating Activities	(342.50)	(996.63)	(991.25)	(219.95)	(101.27)	(278.54)
Net Cash from / (used in) Investing Activities	(57.30)	(281.58)	(106.31)	(16.81)	(66.51)	(169.02)
Net Cash from / (used in) Financing Activities	445.96	1,222.71	1,159.12	239.14	138.08	477.77

Particulars	For the period ended September 30, 2012	For the year ended				
		March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Net increase / (decrease) in cash and cash equivalents	46.16	(55.50)	61.56	2.38	(29.70)	30.21

Our negative cash flows as mentioned above are mainly on account of increase in operating cost and increase in working capital in line with the growth of our business. Negative cash flows over extended periods, or significant negative cash flows in the short term, may materially impact our ability to operate our business and implement our growth plans. As a result, our business, financial condition and results of operations may be materially and adversely affected.

For further details in connection with negative cash flows, please see the chapter titled "Restated Financial Statements" on page no. 130 of this Draft Prospectus.

19. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, our financial indebtedness and capital expenditures. There can be no assurance that we will be able to pay dividends in the future.

Our Company has been consistently generating profits. Funds generated by our Company have been utilized for augmenting growth of our business.

20. Our Company would continue to be controlled by our Promoter and Promoter Group following this Issue who could significantly influence most policy decisions of our Company.

Our Promoter and Promoter Group currently hold 92.72% of our paid-up Equity Share capital. After the completion of this Issue, our Promoter and Promoter Group will collectively hold approximately 67.72% of the outstanding paid-up Equity Share capital. Consequently, our Promoter and Promoter Group, may exercise substantial control over our Company and inter alia may have the power to elect and remove a majority of Directors and / or determine the outcome of proposals for corporate action requiring approval of Board of Directors or shareholders.

21. We have in the last 12 months issued Equity Shares at a price which may be lower than the Issue Price.

In the 12 months prior to the date of filing of this Draft Prospectus, we have issued Equity Shares at a price which may be lower than the Issue Price to Promoter and Promoter group.

For further details please refer chapter titled "Capital Structure" on page no. 42.

22. Our Promoter, Directors or key managerial personnel have interests in our Company other than remuneration, other benefits, and reimbursement of expenses incurred in normal course of business. Although, transactions with our Promoter, Directors and / or key managerial personnel are undertaken at an arm's length basis, there may be potential conflicts of interests between our Company and above mentioned persons in light of such transactions.

Our Promoter is interested in our Company to the extent of his shareholding in our Company and dividend entitlement in relation thereto other than remuneration, other benefits, reimbursement of expenses in the normal course of business. Our Directors and key managerial personnel are also interested in our Company to the extent of remuneration paid to them for services rendered as Directors of our Company and reimbursement of expenses payable to them in the ordinary course of our business. Our Company has availed unsecured loans from Promoter, key managerial personnel and Group

Company. Also, our Company has entered into Leave & License Agreements with our Promoter and Group Company.

For further details please see the chapter titled “*Restated Financial Statements - Related Party Transactions*” on page no. 145 of this Draft Prospectus.

23. We have entered into, and will continue to enter into, related party transactions.

We have entered into transactions with related parties. Although, those transactions are typically undertaken at an arm’s length basis, there may be potential conflicts of interests between our Company and such person in light of such transactions entered into with our Company. We cannot assure you that such transactions could not have been made on more favourable terms with unrelated parties.

We have also entered into certain agreements with related parties namely:

Sr. No.	Date	Nature of Agreement	Parties
1.	January 23, 2013	Exclusive Manufacturing Agreement	MAPL & AIFL
2.	January 23, 2013	Share Subscription Agreement	MAPL & AIFL
3.	January 31, 2013	Machineries Lease Agreement	MAPL & AIFL

For further details, please refer to the chapter titled “*Our Business*” on Page no. 85 and the chapter titled “*Restated Financial Statements - Related Party Transactions*” on page no. 145 of this Draft Prospectus.

The abovementioned agreements could involve conflict of interest, thereby adversely affecting our Company’s operations and financial condition. Our Company cannot give an assurance that these abovementioned agreements with MAPL could not have been made on terms more favourable to our Company with unrelated parties. Further, our Company could not obtain the requisite prior approval of the central government due to technical reasons for entering into abovementioned agreements.

24. Our Company has not been making the required filings with the Registrar of Companies in a timely manner.

Our Company is required, under the Companies Act, to make filings with the RoC which has not been done within the stipulated time period. Due to these delays in filing, our Company had on several occasions paid the requisite late fees. Our Company has recently appointed a Company Secretary and therefore is in the process of setting up a system to ensure that requisite filings are done within the stipulated time with the requisite authorities.

25. We do not own some of the premises, from which we operate

We do not own our office premises situated at Unit No. 2, Pacific Plaza, Off B.S. Road, Mahim TPS IV, Plot No. 570, Dadar (West), Mumbai – 400028. We have obtained these premises from our Promoter Mr. Harshad H. Thakkar on leave and license basis for a period of 33 months starting from September 17, 2012 and which can be renewed on the basis of mutual consent. However, we cannot give an assurance that our leave and license agreement for the said premises would be renewed on commercially acceptable terms or at all.

For further details, please refer to the chapter titled “*Restated Financial Statements - Related Party Transactions*” on page no. 145 of this Draft Prospectus.

26. Our insurance coverage may be inadequate to protect us against potential losses and claims against us.

We maintain an insurance coverage which we believe is reasonably adequate to cover all normal risks associated with the operation of our business. However, we may suffer loss, where the loss exceeds our insurance limits. Moreover, we may be unable to successfully assert our insurance claims resulting in losses.

For the properties given on leave and license basis to our Group Company, our Company is liable for any loss / damage whatsoever due to theft, fire, white ants, leakage, breakage, or bursting of water, gas pipes or electricity or accidental giving way to any portion of the wall, floor, roof or any portion of the property as per clause 27 of the leave and license agreement made on October 5, 2012.

Furthermore, our Company, as a licensee of the following properties may suffer loss, because any damage caused to the furniture in these licensed properties is the responsibility of our Company and the cost of such damage is to be deducted from the security deposit paid under the leave and license agreement.

Sl. No.	Owner	Property Description	Date of agreement and term	Area	Security Rent	Usage
1.	Mr. Harshad Thakkar	Gala No. 112 to 115, Bldg No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421302.	17 th September, 2012 33 months & renewable on mutual consent	9,400 Sq. ft.	₹ 50,000	Central Warehouse & Office
2.	Mr. Harshad Thakkar	Gala No. 15, Bldg No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421302.	17 th September, 2012 33 months & renewable on mutual consent	2,000 Sq. ft.	₹ 50,000	Office at Centralized Warehousing Facility

Therefore any such event leading to losses could have an adverse impact on our business and financial conditions.

27. Our Promoter is a first generation entrepreneur

Our Promoter was carrying on the business as a proprietorship firm whose business was ultimately acquired by our Company. He does not have any prior experience in managing any other business. He has set up Ashapura Apparels, a proprietary concern approximately fifteen years back. The said concern dealt in some of the products that are being manufactured by our Company now. Our Company's sales have grown at CAGR of 131.59% in last 5 financial years under the leadership of our Promoter.

28. One of the Objects of the issue is to make investment in Group Company, MAPL.

We propose to invest ₹ 150 Lacs in MAPL for acquiring 51% shareholding through issue of fresh shares by MAPL, thereby making it our Subsidiary. For further details on the investment, please refer the chapter titled “Objects of the Issue” on page no. 53 of this Draft Prospectus.

29. Delay in raising funds from IPO may adversely affect our business

There may be a delay in raising funds from IPO due to various factors including requisite approvals from BSE and any other regulatory authorities.

30. One of the Objects of the Issue is to set up 10 (ten) EBOs. We have not finalized the exact locations to set up these EBOs. Various expenses related to setting up of these EBOs such as rent, security

deposit, etc. are our internal estimates. Further, our inability to open and operate these EBOs on suitable locations or at all may affect our business.

We have broadly identified the locations for setting up these EBOs which are in Mumbai, Navi Mumbai and Thane. We have also done reconnaissance of these places and we may not face major challenges in finalizing the locations to set up these EBOs. Further, we have also obtained quotations and had meetings with consultants who can undertake completion of interior work as per our requirement on turnkey basis.

31. Our Company has not entered into any formal agreement with the three Exclusive Brand Outlets (EBOs) that sell our products currently.

Our Company, our Promoter and our Management have long standing relationships with the above EBO owners. The retailing of our products by these EBOs is based on these relationships. Our Company, is proposing to set up 10 (ten) EBOs as a part of the Object of this Issue apart from the three EBOs mentioned above. These EBOs will be owned by our Company and will be operated by franchisees.

32. Our 67.13% of sales as on March 31, 2012 is derived from top 10 customers which includes C&F agents and large distributors, the loss of any one or more of which may have an adverse effect on business of our Company. We cannot assure that we will be able to maintain growth in number of our customers or retention of our existing customers.

Our business relationship with some of our customers, which includes C&F agents and distributors, is more than 3 years old. Our Company and our management have been able to maintain and strengthen these business relationships over a period of time. We believe that we may not foresee substantial challenges in maintaining our business relationship with them or finding new customers.

33. There may be conflict of interest that can arise out of common business objects shared by our Company and Group Company which may affect our business and results of operations.

There may be possible conflict of interest since the memorandum of association of our Group Company enables them to engage in, the same line of business as of our Company. Further, there are common directors between our Company and the Group Company, which may create conflicts of interest. Conflict of interest may also arise for the allocation of resources including contractors, key personnel etc.

It may be noted that we have entered into agreements with our Group Company including exclusive manufacturing agreement. For further details on such agreements please refer to the chapter titled “Our Business” and “History and Certain Corporate Matters” on page no. 85 and page no. 107, respectively of this Draft Prospectus.

EXTERNAL RISK FACTORS

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

The tax rates including surcharge and education cess applicable to us for Financial Year 2013 is 32.445% including surcharge. Any increase in the tax rates may have an adverse impact on our business and results of operations and we can provide no assurance as to the extent of the impact of such changes.

2. Any changes in the regulatory framework could adversely affect our operations and growth prospects

We are subject to various regulations and policies. For details, please see the chapter titled “*Regulations and Policies*” on page no. 101 of this Draft Prospectus. Our business and prospects could be adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations.

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

3. Majority of our revenue is derived from business in India and any decrease in economic growth in India may cause adverse effect on our business and results of operations

We derive majority of our revenue from our operations in India and, consequently, our performance, quality and growth of our business are dependent on the health of the economy of India. However, the Indian economy may be adversely affected by factors such as adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities or interest rates changes, which may also affect the our industry.

4. In future we may depend on banks and financial institutions and other sources for meeting our financial requirements

Our business requires significant amount of working capital for meeting our regular requirements. If our operations do not generate the necessarily cash flow, we may depend on banks and financial institutions and other sources for meeting our financial requirements.

5. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry

The Government of India plays an important role by regulating the policies and regulations governing the private sector. The current economic policies of the government may change at a later date. The pace of various reforms may change and specific laws and policies affecting the industry and other policies affecting investment in our Company’s business could change as well.

Unstable Indian and international political environment may impact the economic performance in both short term and long term. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company’s business, and the market price and liquidity of the Equity Shares, maybe affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

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

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

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

Prior to the offer, there has been no public market for our Equity Shares. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions, developments relating to India and volatility in the Stock Exchange and securities markets elsewhere in the world. However, our Company has appointed NNM Securities Private Limited as Market Maker for compulsory market making for a period of 3 years from the date of listing as per the regulations applicable to the SME platforms under SEBI (ICDR) Regulations.

8. 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 to BSE. 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 investors ability to dispose of their Equity Shares.

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

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

PROMINENT NOTES:

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

(₹ in Lacs except as stated otherwise)

Particular	Amount
Pre Issue Net worth (Based on audited accounts as on March 31, 2012)	1,098.08
Pre Issue Net worth (Based on audited accounts as on September 30, 2012)	1,608.25
Post Issue Net Worth	4,068.25
Issue Size	2,100.00
Cost Per Equity Share to the Promoter and Promoter Group in ₹	5.27
NAV per share as on March 31, 2012 (Face Value of ₹ 10/- per Equity Share) in ₹	20.68
NAV per share as on September 30, 2012 (Face Value of ₹ 10/- per Equity Share) in ₹	30.30

2. 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.
3. The Lead Manager and our Company shall update this Draft Prospectus and keep the investors / public informed of any material changes till the listing of the Equity Shares offered in terms of this Draft Prospectus and commencement of trading.
4. Investors are advised to refer to the chapter titled “Basis for Issue Price” on page no. 61 of this Draft Prospectus.
5. Our Company, our Directors, our Promoter and our Promoter Group, Group Company or the person(s) in control of any other company have not been prohibited from accessing the capital market under any order or direction passed by SEBI and there are no violations of securities laws committed in the past or pending against them.
6. Our Company, its Promoter / Promoter Group, directors or person in control are not declared as willful defaulters by RBI / Government authorities.
7. In the event of over-subscription, allotment shall be made as set out in chapter titled “Issue Procedure” on page no. 202 of this Draft Prospectus and shall be made in consultation with the 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.
8. No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the section titled “Financial Information” on page no. 130 of this Draft Prospectus.
9. For information on Group Company, please see the chapter titled “Group Company” on page no. 126 of this Draft Prospectus.
10. The details of transaction by our Company with group companies during the last year are disclosed under the chapter titled “Related Party Transactions” in the section titled “Financial Information” on page no. 130 of this Draft Prospectus.
11. The name of our Company was changed from Ashapura Apparels Private Limited to Ashapura Intimates Fashion Private Limited to reflect the contemporary nature of business and then converted into Public Company. The main objects of the Company have not been changed as a consequence of the change of name.

12. Public issue of 52,50,000 Equity Shares of ₹ 10 each of the Company for cash at a price of ₹ 40 per Equity Share aggregating to ₹ 2,100 Lacs. The Issue will constitute 26.97% of the fully diluted post-Issue Equity Share capital of the Company.
13. Except as disclosed in the chapters “*Objects of the Issue*”, “*Our Promoter and Promoter Group*” and “*Our Management*” on page no. 53, page no. 123 and page no. 111 respectively of this Draft Prospectus, none of our Promoter, Directors or key management personnel have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of such shareholding.
14. Neither a member of the Promoter Group nor a Director nor any relative of any Director has financed the purchase by any other person of any securities of the Company during the six months immediately preceding the date of this Draft Prospectus.
15. Other than as stated in the chapter titled “*Capital Structure*” on page no. 42 of this Draft Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
16. The Issue is being made in terms of regulation 106M (2) of SEBI (ICDR) Regulations. This being a fixed price issue, the allotment in the net issue to the public category shall be made as per sub clause (4) of Regulation 43 of the SEBI (ICDR) Regulations. For further details, please refer to the chapter titled “*Issue Structure*” on page no. 200 of this Draft Prospectus.
17. Trading in Equity Shares for all investors shall be in dematerialized form only.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

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

Except for the Business of Fashion Year Book 2012, all financial and statistical data in the following discussion is derived from publicly available documents from various sources, including the websites of the Ministry of Textile and India Brand Equity Foundation. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with this Issue have verified this information.

OVERVIEW OF INDIAN TEXTILE INDUSTRY

Indian manufacturing companies have come a long way from being domestic companies to being transnational and multinational corporations. Diversification into different markets, cluster approach and product competitiveness have contributed greatly in enhancing India's manufacturing capabilities. India is now one of the top 10 industrial nations of the world with 1.5 per cent share in manufacturing value added (MVA), according to the International Yearbook of Industrial Statistics 2011 report. The MVA of industrialized countries grew by 3.4 per cent in 2010 and that of developing economies progressed with a robust 9.4 per cent growth. India's high growth of industrial production has made significant impact in its share of globally manufactured goods. The industrial sector of India with its future opportunities and high employment potential embraces the path to the economic development of the country. India has attained a realistically sufficient level of self-sufficiency in manufacturing a range of basic and capital goods. India has enthralled multinational companies and investors for the huge potential it holds in terms of providing cheap labour and a gigantic market for world goods and services. Liberalization, privatization and globalization are the major promoters that have been the cause of the transition in the Indian economy and the manufacturing sector. It is widely accepted that the growth rate of the manufacturing sector in a country truly reflects its economic potential.

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 USD 64.41 billion by the end of March, 2017. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 11% share of the country's total exports basket. In the liberalized post-quota period, India has emerged as a major sourcing destination for buyers from all over the globe. As a measure of growing interest in the Indian textiles and clothing sector, a number of reputed international retailers have opened their sourcing / liaison office in India. Commercially the buoyant retailers across the world are looking for options of increasing their sourcing from the Indian markets. Indian manufacturers are also pro-actively working towards enhancing their capacities to fulfill this increased demand.

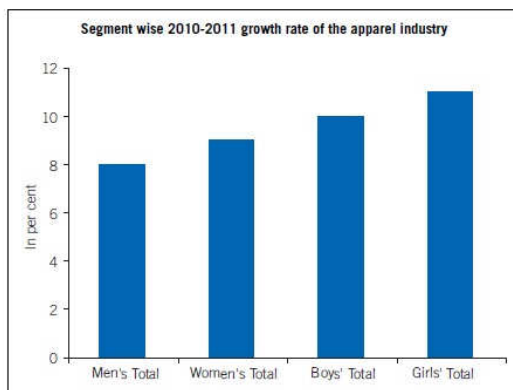
Source: Business of Fashion Year Book 2012 (Volume IX. No. 1) and <http://texmin.nic.in>: Note on Indian Textiles and Clothing Exports

OVERVIEW OF THE INDIAN APPAREL INDUSTRY

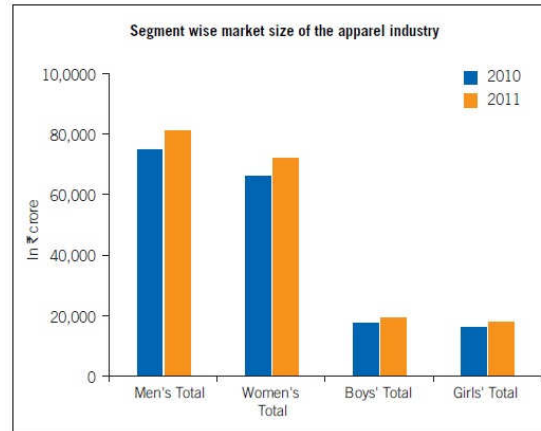
India has known international fashion and luxury brands for several decades - from the mass footwear brand Bata to the top-notch luxury of LVMH Group (Louis Vuitton Moët Hennessy) some of whose most important global customers included the rulers of Indian princely states. International fashion brands have an age-old connection with India. In spite of these old links, the absolute base of consumers for fashion brands was small, and for them India was a relatively low potential market with low attractiveness and low probability of success prior to the eighties. As the economies in Europe and Asia grew, historical colonial linkages as well as modern culture vehicles such as movies carried images of what was in trend. Fashion brands were the most identifiable representation of what was in trend. A transition began in the eighties, as India moved emphasis from central planning and a restrictive economy to a more liberal business regime, and gradually brands and modern retailers started growing their presence. During this transition period, other than the notable exception of Bata, it was mainly Indian brands that were at the forefront of modernization of retail in India.

Urbanization rate is increasing and India has a huge population of young and fashion conscious shoppers who aspire and follow international lifestyles. Indians know that these international brands are famous for their quality, durability and style. These brands are popularly known for four important elements - quality, value for money, customer satisfaction and creativity. Indian customers are evolving every day and are more than ready to spend on these brands. The growth of India and its emerging potential is very obvious now especially as the economy is booming and there is a general positive sentiment towards global brands. The niche retailing is getting more popular day by day and it is a sure indicator of the newest trend catching up with the needs of Indians.

Apparel industry is primarily segmented under men's wear, women's wear, boy's wear and girl's wear. The largest market in the Indian apparel industry is of menswear followed by women's wear and boy's wear. Although, girl's wear is the smallest market but it is growing at the fastest rate of 11 per cent. The growth rate of menswear market is 8 per cent which is the least compared to other categories and women's wear and boy's wear is 9 and 10 per cent respectively.



Source: Technopak Analysis (All figures are rounded off)



Source: Technopak Analysis (All figures are rounded off)

The Indian apparel market was strong enough to weather economic slowdown. Despite the increase in raw material prices and imposition of excise duty on branded garments, it demonstrated a 9 per cent growth in 2011, majorly driven by the growth in the average price of apparels. The domestic apparel market, currently, stands at an impressive figure of ₹1,90,300 crores and mainly constitutes of men's wear, women's wear and kid's wear (children less than 14 years of age).

Source : Business of Fashion Year Book 2012 (Volume IX. No. 1)

RETAIL SECTOR IN INDIA

India is one of the most desirable retail destinations in the world. India has emerged as the fifth most favourable destination for international retailers, outpacing UAE, Russia, Indonesia and Saudi Arabia. India remains a high potential market with an accelerated retail growth of 15-20 per cent expected over the next five years," highlighted the report. The FDI inflows in single-brand retail trading during April 2000 to September 2012 stood at US\$ 42.70 million, as per the latest data released by DIPP.

E-tailing

Retailers are using a mix of formats of which a relatively new but rapidly growing retail format is e-commerce, which offers consumers convenience, price benefits and the ability to shop 24 hours a day. Though nascent, India's online retail market is growing at double-digit rates and is likely to be the next format that retailers will incorporate into their array of channels.

As the world's 11th largest economy, India has started to appear on business organizations' lists of key international markets. The e-commerce revenues in India is expected to increase more than five times, from US\$ 1.6 billion in 2012 to US\$ 8.8 billion in 2016, as per a Forrester report titled 'Trends in India's eCommerce Market'. In 2011, venture capitalists invested US\$ 177 million in e-commerce in India.

Retail in Rural India

Rural chains in India are focusing on hinterlands in a big way. For many companies, a large portion of their revenues comes from rural sales. This fact is further making marketers focus their strategies according to customers in rural areas.

Government Initiatives

- The Indian retail sector accounts for 22 per cent of India's GDP and contributes to 8 per cent of the total employment. India continues to be among the most attractive investment propositions for global retailers.
- Till now FDI up to 100 per cent was allowed for cash and carry wholesale trading and export trading under the automatic route, and FDI up to 51 per cent was allowed in single-brand products, with prior government approvals. However, the government recently passed a cabinet note and permitted FDI up to 51 per cent in multi-brand retailing with prior government approval and 100 per cent in single brand retailing, thus further liberalizing the sector. This policy initiative is expected to provide further fillip to the growth of the sector.
- Opening up of FDI in retail and insurance sector may generate lacs of additional jobs in India, as per Mercer, a global human resource consultancy.

Source: www.ibef.org

SUMMARY OF BUSINESS

The following summary is qualified in its entirety by, and should be read in conjunction with, more detailed information of our financial statements appearing in the chapter titled “Restated Financial Statements” on page no. 130 along with the risks discussed under the section titled “Risk Factors” on page no. 13 of this Draft Prospectus.

Unless otherwise stated, the Financial Information of our Company used in this chapter is derived from our audited financial statements prepared under Indian GAAP and the Companies Act, and restated pursuant to the SEBI (ICDR) Regulations.

Ashapura Intimates Fashion Limited was incorporated on July 17, 2006 under the Companies Act in the state of Maharashtra as “Ashapura Apparels Private Limited” and received a certificate of incorporation bearing CIN: U17299MH2006PLC163133 from RoC. Subsequently, pursuant to a special resolution passed by the shareholders at an EGM held on October 18, 2012, the name of the Company was changed to Ashapura Intimates Fashion Private Limited and a fresh certificate of incorporation consequent on change of name was issued by RoC on November 9, 2012. Further, pursuant to a special resolution passed by our shareholders at an EGM held on December 1, 2012 our Company was converted into a public limited company and a fresh certificate of incorporation consequent on the conversion under the Companies Act on December 19, 2012 was obtained from RoC.

Our Company is in the business of designing, branding, marketing and retailing intimate garments such as loungewear, bridal night wear, honeymoon sets, bathrobes and night wear since incorporation. We expanded our product portfolio by adding other intimate garments such as sportswear, womens innerwear including lingerie in the year 2011 which in our opinion are fast growing segments with growth opportunities.

Our products such as loungewear, bridal night wear, honeymoon sets and bathrobes under the brands “Valentine” and “N-Line” are available through our large network of distributors to our customers in India as well as other countries. Our products are well received especially in MENA region. Our products such as such as night wear, maternity feeding night wear and bridal night wear (two pieces) are marketed under the brand “Night & Day”. Further in the year of 2011, we started marketing and distribution of sportswear, women’s innerwear and lingerie’s under the brands “Valentine Sportswear”, “Valentine Secret Skin” & “Valentine Pink” respectively by leveraging our existing network.

Our Company measures success in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of our 40 (forty) staff members and is consciously upheld by our network comprising of, 75 (seventy-five) distributors including an overseas distributor and 10 (ten) C&F agents and various MBOs such as Vijay Store Private Limited, Big Life by JDS Apparels Private Limited, Chunmun by Chunmun Stores Private Limited, La Lingerie by S&D Fashions, etc. operating in different regions of India. Besides these MBOs mentioned above, we also retail through our online platform title “www.valentineloungeweargroup.com”. Furthermore, we have expanded our presence into retailing through e-commerce by entering into agreements with online vendors such as indiaplaza.com and snapdeal.com.

For the year ended March 31, 2012, we had net sales of ₹10,146.74 Lacs and net profit after tax of ₹ 341.42 Lacs, as compared to net sales of ₹ 5,051.38 Lacs and net profit after tax of ₹ 139.74 Lacs for the year ended March 31, 2011.

Our net sales have grown at a CAGR of 131.59% from ₹ 352.71 Lacs for the year ended March 31, 2008 to ₹10,146.74 Lacs (excluding extraordinary items) for the year ended March 31, 2012. Our PAT has grown at a CAGR of 160.26% from ₹ 7.44 Lacs for the year ended March 31, 2008 to ₹ 341.42 Lacs (excluding extraordinary items) for the year ended March 31, 2012.

Our Competitive Strengths:

- Experienced and competent management team
- Brand Equity
- Design expertise, with a pulse on fashion.
- Understanding the consumer
- Integrated product portfolio

Our Strategy

- Investment in equity shares of MAPL and strengthening the manufacturing infrastructure
- Expanding retail presence
- Diversify geographically into new locations and penetrate the domestic market
- Step up the Brand Building efforts and product innovation

SUMMARY FINANCIAL INFORMATION

I. Restated Summary of Assets and Liabilities

(₹ in Lacs)

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
I. EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	530.86	530.86	31.03	17.01	9.30	1.00
(b) Reserves and Surplus	732.83	567.54	699.35	238.06	106.94	7.44
(2) Share application money pending allotment	360.00	-	-	0.06	-	-
(3) Non-Current Liabilities						
(a) Long-term borrowings	233.61	234.39	115.54	118.35	140.86	98.32
(b) Deferred tax liabilities (Net)	1.65	5.38	0.34	0.85	2.02	0.61
(c) Other Long term liabilities	162.79	146.26	110.26	48.00	56.52	18.90
(4) Current Liabilities						
(a) Short-term borrowings	3,553.58	3,204.15	1,768.39	738.70	476.41	396.38
(b) Trade payables	5,495.69	749.47	610.03	312.69	530.79	311.16
(c) Other current liabilities	72.50	56.86	7.72	-	-	3.44
(d) Short-term provisions	393.98	295.57	114.50	36.50	17.05	5.55
Total	11,537.49	5,790.48	3,457.16	1,510.22	1,339.89	842.80
II. Assets						
(1) Non-current assets						
(a) Fixed assets						
(i) Tangible assets	533.27	519.54	271.71	197.30	210.13	162.01
(ii) Capital work-in-progress	-	-	6.04	-	-	-
(b) Other non-current assets	15.44	0.32	0.71	1.11	1.50	0.41
(2) Current assets						
(a) Inventories	4,688.37	3,428.73	1,032.29	582.58	345.79	220.54
(b) Trade Receivables	6,040.78	1,630.67	1,966.37	669.62	710.40	317.29
(c) Cash and cash equivalents	55.94	9.78	65.28	3.72	1.34	31.04
(d) Short-term loans and advances	35.55	30.20	32.48	23.52	42.05	109.68
(e) Other current assets	168.14	171.24	82.28	32.37	28.68	1.83
Total	11,537.49	5,790.48	3,457.16	1,510.22	1,339.89	842.80

II. Restated Summary of Statement of Profit & Loss Account

(₹ in Lacs)

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Sales – Exports	169.31	396.21	298.53	250.24	140.79	7.38
Sales – Domestic	5,603.40	9,892.11	4,752.85	2,178.88	1,314.81	345.33
Less: Excise duty	(37.11)	(141.57)	-	-	-	-
Net Sales	5,735.60	10,146.75	5,051.38	2,429.12	1,455.60	352.71
Other Income	11.74	35.35	28.65	28.69	26.47	1.99
Total-A	5,747.34	10,182.10	5,080.03	2,457.81	1,482.07	354.70
II. Expenditure						
Cost of materials consumed	5,876.17	9,532.63	4,327.33	1,688.66	1,211.13	327.60
Purchase of Stock-in-Trade	-	-	-	483.81	87.75	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(1,063.87)	(850.66)	(135.68)	(198.76)	(145.76)	(66.68)
Employee Benefits	91.96	122.84	91.94	64.05	45.33	15.03
Finance Charges	243.59	389.36	203.27	97.01	65.87	16.86
Depreciation and Amortization expense	47.62	46.86	31.02	31.02	21.55	7.13
Other expenses	291.90	417.86	344.91	225.67	158.49	41.16
Total-B	5,487.37	9,658.89	4,862.79	2,391.46	1,444.36	341.10
III. Profit before taxation (A-B)	259.97	523.21	217.24	66.35	37.71	13.60
Less: Tax Expenses						
-Current Tax	98.41	176.76	78.00	25.00	11.50	5.25
-Deferred	(3.73)	5.02	(0.50)	(1.16)	1.41	0.61
-Short provision of tax (previous year)	-	-	-	0.30	-	-
IV. Profit After Taxation as per audited statement of accounts (C)	165.29	341.43	139.74	42.21	24.80	7.74
Adjustments on account of changes in a accounting policies	-	-	-	-	-	-
Impact on account of material adjustments and prior period items	-	-	-	0.30	-	(0.30)
Total adjustments	-	-	-	0.30	-	(0.30)
Tax impact on adjustments	-	-	-	-	-	-
Total adjustments net of tax impact (D)	-	-	-	0.30	-	(0.30)
V. Adjusted profit/(loss)(C+D)	165.29	341.43	139.74	42.51	24.80	7.44
Surplus/(Deficit) brought forward from the Previous year	525.07	214.49	74.75	32.24	7.44	-
VI. Profit available for appropriation	690.36	555.92	214.49	74.75	32.24	7.44
Dividend	-	26.54	-	-	-	-
Tax on dividend	-	4.31	-	-	-	-
VII. Adjusted Available Surplus/(Deficit) carried forward	690.36	525.07	214.49	74.75	32.24	7.44

III. Restated Summary Statement of Cash Flow

(₹ in Lacs)

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit before taxation and extraordinary items:	259.97	523.21	217.24	66.35	37.71	13.60
Adjustments for:						
Depreciation	43.64	46.47	30.63	30.63	21.04	7.03
Finance charges	243.59	389.36	203.27	97.01	65.87	16.86
Interest Received	(0.07)	(6.67)	(4.76)	(0.98)	(2.63)	(0.03)
Miscellaneous Expenses Written Off	3.98	0.39	0.39	0.39	0.52	0.10
Cash generated from operations before Working Capital Changes	551.11	952.76	446.77	193.40	122.51	36.56
Adjustments for:						
Changes in Trade and Other Receivables	(5,671.99)	(2,067.56)	(1755.94)	(173.23)	(462.74)	(649.07)
Changes in Trade and Other Payables	4,778.38	198.05	367.31	(226.62)	253.80	333.23
Cash generated from/(used in) Operations	(342.50)	(916.75)	(941.86)	(206.46)	(86.42)	(278.28)
Income Taxes paid (net)	-	(79.88)	(49.39)	(13.49)	(14.85)	(0.26)
Net Cash Flow from /(used in) Operating Activities	(342.50)	(996.63)	(991.25)	(219.95)	(101.27)	(278.54)
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES						
Purchase of Fixed Assets	(57.37)	(288.25)	(111.07)	(28.56)	(69.14)	(169.05)
Sale of Fixed Assets	-	-	-	10.77	-	-
Interest Received	0.07	6.67	4.76	0.98	2.63	0.03
Net Cash from / (used in) Investing Activities	(57.30)	(281.58)	(106.31)	(16.81)	(66.51)	(169.02)
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES						
Proceeds from Issue of Shares/Share Application Money.	360.00	57.45	335.51	96.37	83.00	-
Proceeds/(Repayment) from/of Short Term borrowings (net)	349.43	1,435.77	1,029.69	262.29	80.02	396.38
Proceeds/(Repayment) from/of Long Term Borrowings (net)	(0.78)	118.85	(2.81)	(22.51)	42.54	98.32
Finance Charges Paid	(243.59)	(389.36)	(203.27)	(97.01)	(65.87)	(16.86)
Preliminary Expenses Paid	(19.10)	-	-	-	(1.61)	(0.07)
Net Cash from / (used in) Financing Activities	445.96	1,222.71	1,159.12	239.14	138.08	477.77
Net increase / (decrease) in Cash and Cash Equivalents	46.16	(55.50)	61.56	2.38	(29.70)	30.21
Cash and Cash Equivalents at the beginning of the year	9.78	65.28	3.72	1.34	31.04	0.83
Cash and Cash Equivalents at the end of the year	55.94	9.78	65.28	3.72	1.34	31.04
Components of cash and cash equivalent						
- Cash and cheques on hand	3.50	2.38	3.93	3.45	0.71	7.74
- With banks	52.44	7.40	0.32	0.27	0.63	23.30
- On current account						
- On deposit account	-	-	61.03	-	-	-

THE ISSUE

The following is the Issue proposed through this Draft Prospectus;

Public Issue of 52,50,000 Equity Shares of ₹10 each for cash at a price of ₹40 per Equity Share (including a securities premium of ₹30 per Equity Share) aggregating to ₹ 2,100.00 Lacs. The Issue comprises a Net Issue to the public of 49,87,500 Equity Shares and a reservation of 2,62,500 Equity Shares for subscription by the designated Market Maker.

Particulars of the Issue	Net Issue to the Public	Market Maker Reservation Portion
Number of Equity Shares available for allocation	49,87,500	2,62,500
Percentage of Issue Size available for allotment	50% to Retail Individual Investors and the balance 50% to other investors.	Firm allotment
Basis of allotment	Proportionate subject to minimum allotment of 3,000 Equity Shares and further allotment in multiples of 3,000 Equity Shares each. For further details please refer to chapter titled “Issue Procedure” on page no. 202 of this Draft Prospectus.	Firm allotment
Minimum Application Size	3,000 Equity Shares for all investors.	2,62,500
Maximum Application Size	For Retail Individual Investors, such number of Equity Shares in multiples of 3,000 Equity Shares such that the Application amount does not exceed ₹ 2,00,000. For all other investors the maximum application size is the Net Issue to Public subject to limits the investor has to adhere under the relevant laws and regulations applicable.	2,62,500
Mode of application	Retail Individual Investors may apply using ASBA or physical form.	ASBA only
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Trading Lot	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Terms of Payment	₹ 40 per Equity Share applied for	₹ 40 per Equity Share applied for

Issue Programme*

ISSUE OPENING DATE [•]

ISSUE CLOSING DATE [•]

GENERAL INFORMATION

Our Company was incorporated as Ashapura Apparels Private Limited on July 17, 2006 at Mumbai as a private limited company under the Companies Act. Subsequently, pursuant to a special resolution passed by the shareholders at an EGM held on October 18, 2012, the name of the Company was changed to Ashapura Intimates Fashion Private Limited and a certificate of change of name was issued by the RoC on November 9, 2012. Further, pursuant to a special resolution passed by our shareholders at an EGM held on December 1, 2012 our Company was converted into a public limited company and the word “private” was deleted from its name. Consequently, the name of our Company was changed to Ashapura Intimates Fashion Limited and a certificate of change of name was issued by the RoC on December 19, 2012.

Registered Office of our Company

Ashapura Intimates Fashion Limited

Shop No. 3-4, Ground Floor,
Pacific Plaza, Plot No. 570, TPS IV,
Off B. S. Road, Mahim Division, Dadar (west),
Mumbai – 400 028, Maharashtra, India
Tel: +91 22 2433 1552 / 53
Fax: +91 22 2433 1552 / 53
Email: ipo@valentineloungegroup.com
Website: www.valentineloungegroup.com
CIN: U17299MH2006PLC163133

Registrar of Companies, Mumbai, Maharashtra

Everest Building,
100, Marine Drive,
Mumbai – 400 002
Maharashtra, India

Board of Directors

The following table sets out the current details regarding our Board of Directors as on the date of this Draft Prospectus.

Name	Designation	DIN	Address
Mr. Harshad H. Thakkar	Chairman and Managing Director	01869173	B/19, Dyaneshwar Darshan, G. V. Scheme, Mulund (East), Mumbai – 400 081
Mrs. Darshana H. Thakkar	Whole Time Director	02241587	B/19, Dyaneshwar Darshan, G. V Scheme, Mulund (East), Mumbai – 400 081
Mr. Dinesh C. Sodha	Whole Time Director	02836240	Flat No. 19, Dyaneshwar Darshan Tower, Floor 7, B-Wing, G. V. Scheme, Road No-3, Mulund (East), Mumbai – 400 081
Mr. Ramakant M. Nayak	Independent and Non-Executive Director	00129854	A/11 Anand Dham, 9 th Road, Prabhat Colony, Near Hotel Yatri, Santacruz (E), Mumbai – 400 055
Mr. Arun K. Bagaria	Independent and Non-Executive Director	00160825	2 - Rajyog Kasturba Road - 5, Borivali East, Mumbai - 400 066
Mr. Mohit Shah	Independent and Non-Executive Director	06466722	Juwadia Mohalla Kekri, Ajmer – 305 404, Rajasthan

For further details of our Directors, please see the chapter titled “Our Management” on page no. 111 of this Draft Prospectus.

Company Secretary and Compliance Officer

Ms. Sonali K. Gaikwad is our Company Secretary and Compliance Officer. Her contact details are as follows:

Ms. Sonali K. Gaikwad

Ashapura Intimates Fashion Limited
Shop No. 3-4, Ground Floor,
Pacific Plaza, Plot No. 570, TPS IV,
Off Bhawani Shankar Road,
Mahim Division, Dadar (west),
Mumbai – 400 028
Tel: +91 22 2433 1552 / 53
Fax: +91 22 2433 1552 / 53
Email: sonali@valentineloungegroup.com
Website: www.valentineloungegroup.com

Investors can contact the Compliance Officer or the Registrar to the Issue or Lead Manager in case of any pre or post Issue related problems such as non-receipt of letters of Allotment, credit of allotted shares in respective beneficiary account and refund.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant 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 Application Form was submitted by the ASBA Applicant.

ISSUE MANAGEMENT TEAM:**SOLE LEAD MANAGER****KJMC Corporate Advisors (India) Limited**
[formerly “KJMC Global Market (India) Limited”]

16th Floor, Atlanta Building,
Nr. Status Restaurant, Nariman Point,
Mumbai – 400 021
Tel: + 91 22 4094 5500
Fax: +91 22 2285 2892
Email: ipo.ashapura@kjmc.com
Website: www.kjmc.com
Contact Person: Mr. Swapnil Sagar Vithalani / Mr. Ankit Doshi
SEBI Registration No: INM000002509

REGISTRAR TO THE ISSUE**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078
Tel.: +91 22 2596 7878
Fax: +91 22 2596 0329
Email: aifl.ipo@linkintime.co.in

Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Registration No: INR000004058

BANKER TO THE ISSUE

Indusind Bank Limited

Cash Management Services,
Solitaire Corporate Park,
No. 1001, Building No. 10,
Ground Floor, Guru Hargovindji Marg,
Andheri (East), Mumbai – 400 093
Tel.: +91 22 6772 3901
Fax: +91 22 6772 3998
Email: sanjay.vasarkar@indusind.com
Website: www.indusind.com
Contact Person: Mr. Sanjay Vasarkar
SEBI Registration No. INBI000000002

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/pmd/scsb.html> . For details of the Designated Branches of the SCSBs which shall collect ASBA Application Forms, please refer to the above mentioned link.

AUDITORS OF OUR COMPANY

JDNG & Associates

F – 30 / 31, Dreams The Mall,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078
Telefax: +91 22 2166 0400
Email: cajdng@gmail.com
Contact Person: Mr. Jayesh Rawal
Firm Registration No. 104315W
Membership No.104738

BANKER TO OUR COMPANY

Bank of Baroda

Colaba Branch, Esperanca Building,
Shahid Bhagat Singh Road,
Colaba, Mumbai – 400 039,
Maharashtra, India.
Tel: +91 22 22846936
Fax: +91 22 22025460
Email: colaba@bankofbaroda.com
Website: www.bankofbaroda.com

LEGAL ADVISORS TO THE ISSUE

Economic Laws Practice

1502, A Wing,
Dalamal Towers, Nariman Point,
Mumbai- 400 021
Tel: + 91 22 6636 7000

Fax: + 91 22 6636 7172

Email: ashapuraipo@elp-in.com

ADVISOR TO THE COMPANY

Soba Infosec Private Limited

416, Dalamal Towers,
Free Press Journal Road,
211, Nariman Point,
Mumbai - 400 021
Contact person: Mr. Vivek Gangwal

CREDIT RATING AGENCY

As this is an offer of Equity Shares there is no requirement for a credit rating.

SME IPO GRADING

Regulation 26 of the SEBI (ICDR) Regulations is not applicable to this Issue. Therefore, it is not mandatory for our Company to obtain IPO grading in connection with this Issue. However, we have voluntarily approached CARE, a SEBI registered credit rating agency and CARE pursuant to its letter dated February 18, 2013 has assigned the 'SME Fundamental Grade 4, indicating very good fundamentals. Attention is drawn to the disclaimer appearing under the paragraph titled "Disclaimer of the IPO Grading Agency" in the chapter titled "*Other Regulatory and Statutory Disclosures*" on page no. 182 of this Draft Prospectus.

This grading expires within 3 from the date of the provisional communication letter dated February 12, 2013. The said report is annexed to this Draft Prospectus as Annexure.

Grading Rationale

The rationale / description furnished by the IPO grading agency will be updated at the time of filing this Draft Prospectus with BSE and will be made available for inspection at our Registered Office from 10.00 a.m. to 5.00 p.m. on working Days between and including the Issue Opening Date and Issue Closing Date.

EXPERTS

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received consent from the Statutory Auditors namely, M/s JDNG & Associates, Chartered Accountants to include their names as an expert in this Draft Prospectus in relation to the report of the Auditors dated January 15, 2013 for Restated Financial Statements, statement of tax benefits dated January 15, 2013 and Auditors Report dated January 24, 2013 for MAPL in terms of Financial Information as required under Schedule VIII Part A point no (IX) [Financial Statements] Para B and sub para 5 (a) and (b) of SEBI (ICDR) Regulations in the form and context in which it appears in this Draft Prospectus.

Our Company has received consent from M/s Manish D. Jain & Co., Chartered Accountants having Membership No. 136535 and Firm Registration No. 131299W to include their name as an expert in this Draft Prospectus in relation to the Valuation Report of MAPL dated January 22, 2013.

CARE, the IPO grading agency engaged by our Company for the purpose of obtaining IPO grading in respect of this Issue have given their written consent to be named as an expert under Section 58 of the Companies Act and to the inclusion of the report in the form and in the context it appears in this Draft Prospectus.

TRUSTEES

This being an Issue of Equity Shares there are no trustees for this Issue.

MONITORING AGENCY

There is no requirement to appoint a monitoring agency for this Issue, in terms of Regulation 16 of the SEBI (ICDR) Regulations.

APPRAISING ENTITY

The objects of this Issue have not been appraised by any independent agency. The objects of this Issue, and means of finance thereof, are based on internal estimates of our Company.

UNDERWRITING PROCESS

This issue has been 100% underwritten. The Underwriting Agreement is dated [•]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are specified to the conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriter	Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in Lacs)
KJMC Corporate Advisors (India) Limited (formerly “KJMC Global Market (India) Limited”) 168, 16th Floor, Atlanta, Nariman Point, Mumbai – 400 021 Tel: + 91 22 4094 5500 Fax: +91 22 2285 2892 SEBI Registration No: INM000002509	7,48,125	299.25
NNM Securities Private Limited 1111, P.J. Towers, 11 th Floor, Dalal Street, Fort, Mumbai – 400 001 Tel: + 91 22 4079 0011 Fax: +91 22 4079 0034 SEBI Registration No. INB011044634	42,39,375	1,695.75

In the opinion of the Board of Directors (based on certificates provided by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above mentioned Underwriters are registered with SEBI under section 12(1) of the SEBI Act or registered as brokers with the stock exchanges. The Board of Directors, at its meeting held on [•] has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Market Making

Our Company and Lead Manager has entered into an agreement dated [•] with the following Market Maker duly registered with BSE to fulfill the obligations of Market Making.

NNM Securities Private Limited

1111, P.J. Towers, 11th Floor,
 Dalal Street, Fort, Mumbai – 400 001
 Tel: + 91 22 4079 0011
 Fax: +91 22 4079 0034
 Email: nikunj@nnmsecurities.com
 Website: www.nnmsecurities.com
 Contact Person: Mr. Nikunj Mittal

SEBI Registration No. INB011044634

Market Maker Registration No. SMEMM0053924082012

The Market Maker shall fulfil 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 agreement:

- 1) The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(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.
- 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 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) The prices quoted by the Market Maker shall be in compliance with the requirements and other particulars as specified by the SME Platform of BSE and SEBI from time to time.
- 4) Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker for the quotes given by him.
- 5) Market Maker shall not buy the Equity Shares from the promoters or persons belonging to promoter group of the Issuer Company or any person who has acquired Equity Shares from such promoter or person belonging to promoter group, during the Compulsory Market Making Period.
- 6) There will not be more than five Market Makers for the Equity Shares and the Market Makers may compete with other Market Makers for better quotes to the investors.
- 7) The Market Maker shall not be responsible to maintain the price of the Equity Shares of the Issuer Company at any particular level and is purely supposed to facilitate liquidity by offering its 2-way quotes. The price of the shares shall be determined and be subject to market forces.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Draft Prospectus is set forth below:

Sl. No.	Particulars	Nominal Value in ₹	Aggregate value at Issue Price in ₹
A	AUTHORISED SHARE CAPITAL		
	2,30,00,000 Equity Shares of face value of ₹ 10 each	23,00,00,000	-
B	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE		
	1,42,17,240 Equity Shares of face value of ₹ 10 each	14,21,72,400	-
C	PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS*		
	52,50,000 Equity Shares of ₹ 10 each at a premium of ₹ 30 per Equity Share	5,25,00,000	21,00,00,000
	Which comprises		
	2,62,500 Equity Shares of ₹ 10 each at a premium of ₹ 30 per Equity Share reserved as Market Maker Portion	26,25,000	1,05,00,000
	Net Issue to Public of 49,87,500 Equity Shares of ₹ 10 each at a premium of ₹30 per Equity Share to the Public	4,98,75,000	19,95,00,000
	Of which		
	24,93,750 Equity Shares of ₹ 10 each at a premium of ₹ 30 per Equity Share will be available for allotment to Retail Individual Investors	2,49,37,500	9,97,50,000
	24,93,750 Equity Shares of ₹ 10 each at a premium of ₹30 per Equity Share will be available for allotment to other investors	2,49,37,500	9,97,50,000
D	PAID-UP CAPITAL AFTER THIS ISSUE		
	1,94,67,240 Equity Shares of ₹ 10 each	19,46,72,400	-
E	SECURITIES PREMIUM ACCOUNT		
	Before the Issue		Nil
	After the Issue		15,75,00,000

* The present Issue has been authorized pursuant to a resolution of our Board dated December 19, 2012 and by a special resolution passed under section 81(1A) of the Companies Act, 1956 at an EGM of our shareholders held on January 9, 2013.

As on the date of this Draft Prospectus, our Company has no outstanding instruments that are convertible / exchangeable into equity shares.

Changes in Authorised Share Capital:

Sl. No.	Date and Type of Shareholders Meeting approving the change	Nature of Change	Increase (No. of shares)	Cumulative No. of Equity Shares	Face Value (₹)	Cumulative Authorised Share Capital (₹)
1.	On Incorporation	N.A.	N.A.	5,000	100	5,00,000
2.	EGM held on March 23, 2009	Increase	95,000	1,00,000	100	1,00,00,000
3.	EGM held on March 1, 2012	Increase	5,00,000	6,00,000	100	6,00,00,000
4.	EGM held on April 25, 2012	Increase	17,00,000	23,00,000	100	23,00,00,000
5.	EGM held on October 18, 2012	Sub - division of the face value from ₹ 100 each to ₹10 each		2,30,00,000	10	23,00,00,000

Notes to Capital Structure

1. Existing Share Capital of our Company

- i. The history of the equity share capital and securities premium account of our Company is detailed in the following table:

Date of allotment / subscription	No. of Equity Shares allotted	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Cumulative No. of Equity Shares	Cumulative paid-up Equity Share Capital (₹)	Cumulative Securities Premium (₹)
April 7, 2006	1,000	100	100	Cash	1,000	1,00,000	Nil
March 31, 2009	8,300	100	1,000	Cash	9,300	9,30,000	74,70,000
March 31, 2010	7,705	100	1,250	Cash	17,005	17,00,500	1,63,30,750
December 24, 2010	7,530	100	2,000	Cash	24,535	24,53,500	3,06,37,750
March 25, 2011	6,490	100	2,850	Cash	31,025	31,02,500	4,84,85,250
March 1, 2012	57,452	100	100	Cash	88,477	88,47,700	4,84,85,250
March 30, 2012	4,42,385	100	-	Bonus Issue in the ratio of 5:1 to all the shareholders of the Company	5,30,862	5,30,86,200	42,46,750
October 1, 2012	1,80,000	100	200	Cash	7,10,862	7,10,86,200	2,22,46,750
October 18, 2012	7,10,862	100	-	Bonus Issue in the ratio of 1:1 to all the shareholders of the Company	14,21,724	14,21,72,400	Nil
October 18, 2012	Sub - division of the face value from ₹ 100 each to ₹ 10 each	10	-	Sub - division	1,42,17,240	14,21,72,400	Nil

- ii. The details of allotment made to different allottees as on the date of this Draft Prospectus is given in the following table:

Date of Allotment	No. of Equity Shares allotted	Name of the Allottees
(On incorporation)	500	Mr. Harshad H. Thakkar
	500	Mrs. Darshana H. Thakkar
March 31, 2009	4,200	Mr. Harshad H. Thakkar
	3,000	Mrs. Rupal R. Thakkar
	1,100	Mrs. Veenaban S. Thakkar
March 31, 2010	7,345	Mr. Harshad H. Thakkar
	360	Mrs. Darshana H. Thakkar
December 24, 2010	10	Mr. Surji G. Thakkar
	1,000	Arjit Securities Private Limited
	1,000	King Merchants Private Limited
	1,000	Mentos Developers Private Limited
	1,000	Poorvi Realty Private Limited
	500	Shri Pawan Exim Private Limited
	1,500	South East Asia Packaging Private Limited
	1,500	Statford Textile Specialities Private Limited
	10	Mr. Rasiklal Thakkar
	10	Mr. Hitesh S. Punjani
March 25, 2011	6,490	Mr. Harshad H. Thakkar

Date of Allotment	No. of Equity Shares allotted	Name of the Allottees
March 1, 2012	57,452	Mr. Harshad H. Thakkar
March 30, 2012	4,42,385	Bonus issue to all existing shareholders
October 1, 2012	25,000	Mrs. Ranjanaben Thakkar
	1,10,000	Mr. Harshad H. Thakkar
	45,000	Mrs. Harshaben Thakkar
October 18, 2012	7,10,862	Bonus issue to all existing shareholders

Face value of equity shares of our Company was sub divided into ₹ 10 from ₹ 100 each pursuant to a resolution passed by our shareholders at the EGM on October 18, 2012.

- iii. The details of the Equity Shares allotted for consideration other than cash are provided in the following table:

Date of allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Reasons for Allotment & Ratio of Bonus	Benefits accrued to the Company
March 30, 2012	4,42,385	100	0	Bonus (5:1)	Expansion of capital
October 18, 2012	7,10,862	100	0	Bonus (1:1)	Expansion of capital

- a. Pursuant to the board meeting held on March 23, 2012 and general meeting held on March 30, 2012, 4,42,385 fully paid-up Equity Shares of ₹ 100 each were allotted as bonus shares to the following existing equity shareholders on March 30, 2012, in the ratio of 5 (Five) Equity Shares for every 1 (One) Equity Share held by them, by capitalizing the Securities Premium Account to the extent of ₹ 4,42,38,500:

Name of the Allottee	Number of bonus shares allotted
Mr. Harshad H. Thakkar	3,79,935
Mrs. Darshana H. Thakkar	4,300
Mr. Dinesh C. Sodha	37,500
Mrs. Veenaben Thakkar	5,500
Mrs. Rupal Thakkar	15,000
Mr. Rasiklal Thakkar	50
Mr. Surji G. Thakkar	50
Mr. Hitesh S. Punjani	50
TOTAL	4,42,385

- b. Pursuant to the board meeting held on October 18, 2012 and general meeting held on October 18, 2012, 7,10,862 fully paid-up Equity Shares of ₹ 100 each were allotted as bonus shares to the existing equity shareholders as on October 18, 2012, in the ratio of 1 (One) Equity Share for every 1 (One) Equity Share held by them, by capitalizing the Securities Premium Account (₹ 2,22,46,750) and Profit & Loss Account (₹ 4,88,39,450). The relevant provisions of the Companies Act have been complied with respect to the said bonus issue.

Name of the Allottee	Number of bonus shares allotted
Mr. Harshad H. Thakkar	5,65,922
Mrs. Rupal Thakkar	18,000
Mrs. Ranjanaben Thakkar	25,000
Mrs. Harshaben Thakkar	45,000
Mrs. Darshana H. Thakkar	5,160
Mrs. Veenaben Thakkar	6,600
Mr. Surji G. Thakkar	60
Mr. Hitesh S. Punjani	60
Mr. Rasiklal Thakkar	60
Mr. Dinesh C. Sodha	45,000

Name of the Allottee	Number of bonus shares allotted
TOTAL	7,10,862

Face value of equity shares of our Company was sub divided into ₹ 10 from ₹ 100 each pursuant to a resolution passed by our shareholders at the EGM on October 18, 2012.

- iv. We have not issued any Equity Shares pursuant to any scheme under the provisions of Sections 391 – 394 of the Companies Act.
- v. We have not issued any bonus shares out of revaluation reserves.
- vi. Issue of Equity Shares in the last one year:

Except as stated below, we have not issued any Equity Shares in the preceding one year which have been issued for a price lower than the Issue Price.

Name of the Allottee	Date of Allotment	Number of Equity Shares	Relationship with the Promoter	Face Value (₹)	Issue Price (₹)	Face Value (₹)^	Issue Price (₹)^^	Reason / Nature of Allotment
Mr. Harshad H. Thakkar	March 01, 2012	57,452	Self	100	100	10	10	Allotment
Mr. Harshad H. Thakkar	March 30, 2012	3,79,935	Self	100	N.A.	10	N.A.	Bonus
Mr. Harshad H. Thakkar	October 01, 2012	1,10,000	Self	100	200	10	20	Allotment
Mr. Harshad H. Thakkar	October 18, 2012	5,65,922	Self	100	N.A.	10	N.A.	Bonus
Mrs. Darshana H. Thakkar	March 30, 2012	4,300	Wife of the Promoter	100	N.A.	10	N.A.	Bonus
Mrs. Darshana H. Thakkar	October 18, 2012	5,160	Wife of the Promoter	100	N.A.	10	N.A.	Bonus
Mrs. Rupal R. Thakkar	March 30, 2012	15,000	Sister of Spouse	100	N.A.	10	N.A.	Bonus
Mrs. Rupal R. Thakkar	October 18, 2012	18,000	Sister of Spouse	100	N.A.	10	N.A.	Bonus
Mrs. Veenaben Thakkar	March 30, 2012	5,500	Relative of the Promoter	100	N.A.	10	N.A.	Bonus
Mrs. Veenaben Thakkar	October 18, 2012	6,600	Relative of the Promoter	100	N.A.	10	N.A.	Bonus
Mr. Surji G. Thakkar	March 30, 2012	50	Relative of the Promoter	100	N.A.	10	N.A.	Bonus
Mr. Surji G. Thakkar	October 18, 2012	60	Relative of the Promoter	100	N.A.	10	N.A.	Bonus
Mr. Hitesh S. Punjani	March 30, 2012	50	N. A.	100	N.A.	10	N.A.	Bonus
Mr. Hitesh S. Punjani	October 18, 2012	60	N. A.	100	N.A.	10	N.A.	Bonus
Mr. Rasiklal Thakkar	March 30, 2012	50	Father in law of the Promoter	100	N.A.	10	N.A.	Bonus
Mr. Rasiklal Thakkar	October 18, 2012	60	Father in law of the Promoter	100	N.A.	10	N.A.	Bonus
Mr. Dinesh C. Sodha	March 30, 2012	37,500	Marketing Director of our Company	100	N.A.	10	N.A.	Bonus
Mr. Dinesh C. Sodha	October 18, 2012	45,000	Marketing Director of our Company	100	N.A.	10	N.A.	Bonus
Mrs. Harshaben Thakkar	October 01, 2012	45,000	Mother of the Promoter	100	200	10	20	Allotment
Mrs. Harshaben Thakkar	October 18, 2012	45,000	Mother of the Promoter	100	N.A.	10	N.A.	Bonus
Mrs. Ranjanaben Thakkar	October 01, 2012	25,000	Mother in law of the Promoter	100	200	10	20	Allotment
Mrs. Ranjanaben	October 18, 2012	25,000	Mother in law	100	N.A.	10	N.A.	Bonus

Name of the Allottee	Date of Allotment	Number of Equity Shares	Relationship with the Promoter	Face Value (₹)	Issue Price (₹)	Face Value (₹)^	Issue Price (₹)^^	Reason / Nature of Allotment
Thakkar			of the Promoter					
	TOTAL	13,98,199						

^ Face value of Equity Shares of our Company was sub divided into ₹ 10 from ₹ 100 each pursuant to a resolution passed by our shareholders at the EGM on October 18, 2012.

^^ Adjusted issue price pursuant to change in Face Value

2. History of Equity Share Capital held by our Promoter

i. Details of build-up of our Promoter's shareholding in our Company:

Date of Transaction	Nature of Transaction (Allotment / Transfer)	No. of Equity Shares	Nature of consideration	Name of the Transferor/Transferee	Face Value (₹)	Issue/Acquisition/Sale price per Equity Share (₹)	% of Pre-Issue Paid up Capital*	% of Post-Issue Paid up Capital*
A	B	C	D	E	F	G	H	I
MR. HARSHAD H. THAKKAR								
April 07, 2006	Subscription to MOA	500	Cash	N. A.	100	-	0.04	0.03
March 31, 2009	Allotment	4,200	Cash	N. A.	100	1,000	0.30	0.22
March 31, 2010	Allotment	7,345	Cash	N. A.	100	1,250	0.52	0.38
March 25, 2011	Allotment	6,490	Cash	N. A.	100	2,850	0.46	0.33
March 01, 2012	Allotment	57,452	Cash	N. A.	100	100	4.04	2.95
March 30, 2012	Bonus	3,79,935	Other than Cash	N. A.	100		26.72	19.52
October 01, 2012	Allotment	1,10,000	Cash	N. A.	100	200	7.74	5.65
October 18, 2012	Bonus	5,65,922	Other than Cash	N. A.	100	100	39.81	29.07
October 18, 2012	Sub - Division	Sub - Division of face value of ₹ 100 each to ₹ 10 each	N. A.	N. A.	10	N. A.	N. A.	N. A.
	Total	1,13,18,440					79.61	58.14

* % of Pre-Issue Paid up Capital and % of Post-Issue Paid up Capital, as disclosed in the column H and I, have been calculated based on number of Equity Shares after the sub - division of face value on October 18, 2012.

- All the Equity Shares held by our Promoter were fully paid-up on the respective dates of allotment of such Equity Shares.
- None of the Equity Shares held by our Promoter are pledged.
- There has been no purchase or sale of Equity Shares by the Promoter and the Directors during a period of six months preceding the date on which this Draft Prospectus is being filed with the BSE.
- Our Promoter, his immediate relatives, the Directors of our Company and the immediate relatives of the Directors of our Company have not financed the purchase by any other person of Equity Shares of our Company within a period of six months immediately preceding the date of this Draft Prospectus.

3. Details of Promoter's contribution and lock-in

- a. Pursuant to Regulation 32(1)(a) and Regulation 36(a) of the SEBI (ICDR) Regulations, the Promoter shall contribute Equity Shares in the Issue constituting not less than 20% of the fully diluted post-Issue capital, which shall be locked in for a period of three years from the date of Allotment in the Issue.
- b. The details of the Equity Shares held by our Promoter which is the promoter contribution and which are locked in for a period of three years from the date of Allotment in the Issue are given below:

Date of Allotment / acquisition when made fully paid-up	Nature of Allotment	No. of Equity Shares	Face Value (₹)	Issue/Acquisition Price per Equity Share (₹)	Percentage of post-Issue paid-up capital (%)	Date up to which the Equity Shares are locked-in
MR. HARSHAD H. THAKKAR						
March 30, 2012	Bonus issue	38,93,448	₹10 (reduced from ₹ 100 as of October 18, 2012 post sub - division)	Bonus out of securities premium and free reserves	20%	3 years from the date of allotment in this Issue.

- c. The Equity Shares that are being locked in are not ineligible for computation of Promoter's contribution in terms of Regulation 33 of the SEBI (ICDR) Regulations.
- d. We confirm that the minimum Promoter contribution of 20% as shown above which is subject to lock-in for three years does not consist of:
 - Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources or unrealized profits of our Company or from bonus issue against Equity Shares which are ineligible for minimum promoter's contribution.
 - Equity Shares acquired, except the bonus shares issued, by the Promoter during the preceding one year, at a price lower than the Issue Price at which Equity Shares are being offered to public in this Issue.
 - Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
 - Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum Promoter's contribution subject to lock in.
 - Equity Shares issued to our Promoter on conversion of partnership firms into limited companies.
 - The Equity Shares held by the Promoter and offered for minimum 20% Promoter's contribution are not subject to any pledge / hypothecation / lien and are unencumbered.
- e. The lock in period shall commence from the date of allotment of Equity Shares in the proposed public issue.

- f. Our Promoter has given his written undertaking for inclusion of the aforesaid Equity Shares as part of Promoter's contribution which is subject to lock-in for a period of 3 (three) years from the date of Allotment of Equity Shares in the proposed Issue.
- g. In terms of undertaking executed by our Promoter, Equity Shares forming part of Promoter's contribution subject to lock-in will not be disposed / sold / transferred / encumbered by our Promoter during the period starting from the date of filing of this Draft Prospectus with BSE till the date of commencement of lock-in period as stated in this Draft Prospectus.

h. Details of pre-Issue Equity Share capital locked in for one year:

- In addition to the 20% of the fully diluted post-Issue shareholding of our Company held by our Promoter and locked in for three years as specified above, pursuant to Regulation 37 of the SEBI (ICDR) Regulation, the entire pre-Issue equity share capital will be locked-in for a period of one year from the date of Allotment of the Equity Shares in the proposed Issue.

i. Other provisions in respect of lock-in:

- Pursuant to Regulation 39 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoter which are locked-in can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or financial institution, provided that the pledge of the Equity Shares is one of the terms of sanction of the loan.
- Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by our Promoter, which are locked in as per Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst the Promoter Group or to a new promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (SAST) Regulations, as applicable.
- Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by persons other than our Promoter which are locked in as per Regulation 37 of the SEBI (ICDR) Regulations prior to the Issue may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (SAST) Regulations, as applicable.

4. Shareholding Pattern of our Company

The table below presents the current shareholding pattern of Equity Shares as per Clause 37 of the SME Equity Listing Agreement before the proposed Issue and as adjusted for the Issue:

Category Code	Category of Shareholder	Pre-Issue		Number of shares held in dematerialized form**	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered		Total shareholding as a percentage of total number of Equity Shares (Post-Issue)*	
		Number of Shareholders	Total Number of Equity Shares		As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage	As a percentage of (A+B)	As a percentage of (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	Shareholding of Promoter and Promoter Group									
(1)	Indian									
(a)	Individuals/Hindu Undivided Family	6	1,31,82,840	1,31,82,840	92.72	92.72	0	0	67.72	67.72
(b)	Central Government/State Government	N.A.								
(c)	Bodies Corporate	N.A.								
(d)	Financial Institutions/Banks	N.A.								
(e)	Any Other (specify)	N.A.								
	Sub-Total (A)(1)	6	1,31,82,840	1,31,82,840	92.72	92.72	0	0	67.72	67.72
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	N.A.								
(b)	Bodies Corporate	N.A.								
(c)	Institutions	N.A.								
(d)	Any Other (Specify)	N.A.								
	Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	6	1,31,82,840	1,31,82,840	92.72	92.72	0	0	67.72	67.72
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds/UTI	N.A.								
(b)	Financial Institutions/Banks	N.A.								
(c)	Central Government/State Government (s)	N.A.								
(d)	Venture Capital Fund	N.A.								
(e)	Insurance Companies	N.A.								
(f)	Foreign Institutional Investors	N.A.								
(g)	Foreign Venture Capital Investors	N.A.								
(h)	Nominated investors (as defined in Chapter XA of SEBI (ICDR) Regulations	N.A.								
(i)	Market Makers	N.A.							1.35	1.35
(h)	Any Other (Specify)	N.A.								
	Sub- Total (B)(1)	0	0	0	0	0	0	0	1.35	1.35
(2)	Non-institutions									
(a)	Bodies Corporate	N.A.								
(b)	Individuals									
i.	Individual shareholders holding nominal share capital up to ₹ 1 lac	3	1,34,400	1,34,400	0.95	0.95	0	0	0.69	0.69
ii.	Individual shareholders holding nominal share capital in excess of ₹ 1 lac	1	9,00,000	9,00,000	6.33	6.33			4.62	4.62

Category Code	Category of Shareholder	Pre-Issue		Number of shares held in dematerialized form**	Total Shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered		Total shareholding as a percentage of total number of Equity Shares (Post-Issue)*	
		Number of Shareholders	Total Number of Equity Shares		As a percentage of (A+B)	As a percentage of (A+B+C)	Number of Shares	As a percentage	As a percentage of (A+B)	As a percentage of (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(c)	Any Other (Specify)	N.A.								
	Sub Total (B)(2)	4	10,34,400	10,34,400	7.28	7.28	0	0	5.31	5.31
	Total Public Shareholding (B)= (B)(1)+(B)(2)	4	10,34,400	10,34,400	7.28	7.28	0	0	32.28#	32.28#
	TOTAL (A) + (B)	10	1,42,17,240	1,42,17,240	100.00	100.00	0	0		
(C)	Shares held by Custodians and against which Depository Receipts have been issued	N.A.								
	GRAND TOTAL (A)+(B)+(C)	10	1,42,17,240	1,42,17,240	100.00	100.00	0	0	100.00	100.00

* Assuming that none of the existing shareholders of our Company participate in this Issue

** The final dematerialization certificate is pending from NSDL.

Percentage calculation includes 52,50,000 Equity Shares issued pursuant to this Issue

5. Public shareholders holding more than 1% of the pre-Issue paid up capital of our Company:

Sl. No.	Name of the shareholder	Pre-Issue		Post-Issue*	
		No. of Equity Shares held	Percentage (%)	No. of Equity Shares held	Percentage (%)
1.	Mr. Dinesh C. Sodha#	9,00,000	6.33	9,00,000	4.62

Mr. Dinesh C. Sodha is also a Whole Time Director of our Company.

* Assuming that he does not participate in this Issue. Post-Issue includes 52,50,000 Equity Shares issued pursuant to this Issue

6. Equity Shares held by the top ten shareholders of our Company:

a. Equity Shares held by the top ten shareholders of our Company as on the date of this Draft Prospectus:

Sl. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%)	Convertible instruments held
1.	Mr. Harshad H. Thakkar	1,13,18,440	79.61	N.A.
2.	Mrs. Darshana H. Thakkar	1,03,200	0.73	N.A.
3.	Mr. Dinesh C. Sodha	9,00,000	6.33	N.A.
4.	Mrs. Veenaben Thakkar	1,32,000	0.92	N.A.
5.	Mrs. Rupal R. Thakkar	3,60,000	2.53	N.A.
6.	Mr. Rasiklal Thakkar	1,200	0.01	N.A.
7.	Mr. Surji G. Thakkar	1,200	0.01	N.A.
8.	Mr. Hitesh S. Punjani	1,200	0.01	N.A.
9.	Mrs. Harshaben S. Thakkar	9,00,000	6.33	N.A.

10.	Mrs. Ranjanaben Thakkar	5,00,000	3.52	N.A.
	TOTAL	1,42,17,240	100.00	

- b. Equity Shares held by the top ten shareholders of our Company as of ten days prior to the date of this Draft Prospectus:

Sl. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%)	Convertible instruments held
1.	Mr. Harshad H. Thakkar	1,13,18,440	79.61	N.A.
2.	Mrs. Darshana H. Thakkar	1,03,200	0.73	N.A.
3.	Mr. Dinesh C. Sodha	9,00,000	6.33	N.A.
4.	Mrs. Veenaben Thakkar	1,32,000	0.92	N.A.
5.	Mrs. Rupal R. Thakkar	3,60,000	2.53	N.A.
6.	Mr. Rasiklal Thakkar	1,200	0.01	N.A.
7.	Mr. Surji G. Thakkar	1,200	0.01	N.A.
8.	Mr. Hitesh S. Punjani	1,200	0.01	N.A.
9.	Mrs. Harshaben S. Thakkar	9,00,000	6.33	N.A.
10.	Mrs. Ranjanaben Thakkar	5,00,000	3.52	N.A.
	TOTAL	1,42,17,240	100.00	

- c. Equity Shares held by the top ten shareholders of our Company as of 2 (two) years prior to the date of this Draft Prospectus:

Sl. No.	Name of the shareholder	No. of Equity Shares held	Percentage (%)	Convertible instruments held
1.	Mr. Harshad H. Thakkar	12,045	70.71	N.A.
2.	Mrs. Darshana H. Thakkar	860	5.05	N.A.
3.	Mrs. Veenaben Thakkar	1,100	6.45	N.A.
4.	Mrs. Rupal R. Thakkar	3,000	17.61	N.A.
5.	Mr. Rasiklal Thakkar	10	0.06	N.A.
6.	Mr. Surji G. Thakkar	10	0.06	N.A.
7.	Mr. Hitesh S. Punjani	10	0.06	N.A.
	TOTAL	17,035	100.00	

- d. There are no convertible instruments held by any shareholder as on the date of this Draft Prospectus.

7. Employee Stock Option Scheme

Our Company does not have any Employee Stock Benefit Plan as of date of this Draft Prospectus.

8. There is no “Buyback”, “Standby”, or similar arrangement for the purchase of Equity Shares by our Company / Promoter / Directors / Lead Manager for purchase of Equity Shares offered through this Draft Prospectus.
9. An over-subscription to the extent of 10% of the Net Issue to the public can be retained for the purpose of rounding off to the nearest multiple during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-Issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
10. In the case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of Regulation 43(4) of SEBI (ICDR) Regulations.

11. Under subscription, if any, in either of the categories, would be allowed to be met with spill-over from the other category at the discretion of our Company in consultation with the Lead Manager and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines. Furthermore, the unsubscribed portion, if any, after such inter se adjustments among the reserved categories shall be added back to the Net Issue to the public.
12. There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
13. Since the entire application money is being called on application, all successful applications, shall be issued fully paid up Equity Shares only. Also, as on the date of this Draft Prospectus the entire pre-issue share capital of the Company has been made fully paid up.
14. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise.
15. We have not issued any Equity Shares out of revaluation reserves. We have not issued any Equity Shares for consideration other than cash except as stated in this Draft Prospectus.
16. As on the date of this Draft Prospectus, there are no outstanding ESOP's, warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares, nor has the Company ever allotted any Equity Shares pursuant to conversion of ESOP's till date.
17. Our Company shall ensure that transactions in the Equity Shares by our Promoter and our Promoter Group between the date of this Draft Prospectus and the Issue Closing Date shall be reported to the Designated Stock Exchange within twenty-four hours of such transaction.
18. The Lead Manager and its associates do not directly or indirectly hold any Equity Shares of our Company.
19. As on the date of this Draft Prospectus, the total number of shareholders is 10 (ten).
20. Our Company has not made any public issue or rights issue to public shareholders.

OBJECTS OF THE ISSUE

The Company proposes to utilize the funds which are being raised through this Issue towards funding the following objects:

- 1) To set up 10 (ten) EBOs;
- 2) To fund branding and marketing set-up;
- 3) Investment in the equity shares of our Group Company;
- 4) To fund modernization of machineries;
- 5) To meet incremental working capital requirements;
- 6) For general corporate purposes; and
- 7) To meet Issue expenses.

The above collectively referred to hereinafter as “Objects” or “Objects of the Issue”

Furthermore, our object is also to have the Equity Shares of our Company listed on the SME Platform of BSE and create public trading market for our Equity Shares. We believe, listing of our Equity Shares on the SME Platform of BSE will enhance our credibility and strengthen our brand and its recall among our customers.

The main objects clause and objects incidental and ancillary to the main objects as set out in the Company’s MOA enables the Company to undertake the activities for which funds are being raised through this Issue. Further, the Company confirms that the activities which it has been carrying on until now are in accordance with the objects clause of our MOA.

Gross Issue Proceeds and Net Proceeds

The details of the proceeds of the Issue are summarized below:

(₹ in Lacs)	
Particular	Amount
Gross Proceeds of the Issue	2,100
(Less) Issue related expenses	175
Net Proceeds (the “Net Proceeds”)	1,925

Requirement of Funds

The fund requirements for the Objects of the Issue as described below are based on internal estimates and the Company’s current business plan. Moreover, it has not been independently appraised by any bank or financial institution. The fund requirements described below are proposed to be entirely funded from the Net Proceeds. The Company may have to revise its expenditure and fund requirements due to external factors, which may not be within the control of the management of our Company. This may entail rescheduling or revising the planned expenditure and funding requirements, including expenditure for a particular purpose at the discretion of the management. Please see the section titled “Risk Factors” on page no. 13 of this Draft Prospectus.

In case of any variation in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the objects stated above, the Company may explore a range of options including utilizing our internal accruals and obtaining debt from lenders.

Schedule of utilisation

The Company proposes to utilize the Net Proceeds as set forth in the table below:

(₹ in Lacs)

Sl. No.	Particulars	Total Estimated Cost	Expenditure incurred as of January 31, 2013	Proposed schedule for deployment of the Net Proceeds	
				FY 2013	FY 2014
1.	Set up 10 (ten) EBOs;	300	Nil	50	250
2.	Incur expenses on branding and marketing set-up;	300	Nil	10	290
3.	Investment in the equity shares of Group Company	150	Nil	150	Nil
4.	To fund modernization of machineries;	300	Nil	Nil	300
5.	To meet incremental working capital requirements;	750	Nil	750	Nil
6.	For general corporate purposes; and	125	Nil	25	100
7.	To meet Issue expenses	175	18	157	Nil
	Total:	2,100	18	1,142	940

In view of the dynamic and competitive environment of the industry in which we operate, we may revise our business plan from time to time and consequently our capital requirements may also change. We may have to revise our estimated costs, fund allocation and fund requirements owing to factors such as economic and business conditions, increased competition, and other external factors which may not be within the control of our management and may entail rescheduling and revising the planned expenditure and fund requirements and increasing or decreasing the expenditure for a particular purpose from the planned expenditure.

In case of any increase in the actual utilisation of funds earmarked for the Objects below, such additional funds for a particular activity will be met by way of means available, including from internal accruals, additional equity and/or incremental debt. If the actual utilisation towards any of the aforesaid Objects is lower than the proposed deployment as indicated above, such balance will be used for future growth opportunities, including funding existing Objects, if required, general corporate purposes and/or any other project, activity or initiative that our Company may undertake.

In the event that the estimated utilisation of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal. Further, any amount, deployed by our Company out of internal accruals towards the aforementioned Objects during the period between the date of this Draft Prospectus and the date of receipt of Net Proceeds, shall be reimbursed to our Company from the Net Proceeds of the Issue.

Details of the activities to be financed from the Issue Proceeds

1. To set up 10 (ten) EBOs

Methodology for computation of estimated cost of establishment of EBOs

Currently, our products are available at 3 (three) EBOs of which 2 (two) are in Mulund & 1 (one) in Kalyan. These EBOs are franchisee owned and franchisee operated. We propose to expand our network by adding 10 (ten) more EBOs under our brands viz. Valentine, N-Line, Night & Day, Valentine Sports, Valentine Secret Skin and Valentine Pink, in and around Mumbai, Navi Mumbai and Thane. We propose to take the space for our proposed EBOs on lease or leave & license basis at various locations in Mumbai, Navi Mumbai & Thane. The rising demand and awareness about the intimate garments and density of population is our driving force for our expansion plan. The estimated cost for setting up these EBOs primarily consists of capitalized costs such as interior costs, payment of security deposit, rentals and contingency costs which include consultancy fees, pre-operative expenses and miscellaneous expenses amongst other costs. Further, we propose to pay rentals for the initial period of six months from the Net Proceeds of this Issue.

The Company has not yet finalized the exact locations for setting up these EBOs, however the same would depend on density of population, location, preferences of residents and other demographics. The estimated break up of cost for setting up new outlets is as under:

Break-up of costs for setting up EBOs

The break-up of estimated costs for setting up the above mentioned EBOs are as follows:

Particulars	Estimated Cost (₹ in Lacs)
Security Deposit & Rentals	156.90
Interior Expenses	95.10
Pre-operative & contingency expenses	48.00
Total	300.00

Security Deposit & Rentals

We propose to utilize an amount of ₹156.90 Lacs out of the total proceeds of this Issue towards payment of security deposit and rentals for the initial setup period of 6 (six) months for the proposed 10 (ten) EBOs. The security deposit amount is computed on the basis of approximately 6 (six) months' rent to be paid in advance, which is based on our internal estimates of rent payable for new premises. Based on our internal survey and estimates we have arrived at the security deposit and rental considering the average monthly rental of ₹1.23 Lacs per outlet. Rentals have been computed by adding the service tax at the rate of 12.36%. Further, our Management has estimated loading of 35% on the EBOs proposed to be taken on lease or leave & license basis over and above 300 sq. ft. carpet area.

Interior Expenses

Interior expenses include furniture & fixtures, glass shelves, racks, sign boards and other materials. The estimated cost for interior work on turnkey basis is as per quotation dated December 3, 2012 provided by Designs & More. Interior expenses proposed to be incurred for each EBO is set forth below:

	(₹ in Lacs)
Total cost per EBO (₹ in Lacs)	9.51 [^]
Number of EBOs	10
Total Cost (₹ in Lacs)	95.10

[^] Subject to applicable taxes

Pre Operative Expenses and contingencies

The balance of approximately ₹ 48 Lacs is proposed to be utilized towards provision for expenses such as property consultant fees, initial promotion and marketing and contingencies that may arise during implementation and operationalisation of the EBOs including any increase in allied costs.

2. To fund branding and marketing set-up;

Our Company and our brands are in a nascent stage and require nurturing. Appropriate communication regarding our product portfolio to all our stakeholders would be our primary focus. We propose to bring on board an advertising agency to assist us in creating brand awareness for all our brands. We intend to create awareness and build our brands through various channels of marketing, including advertising in print and television and launching promotional activities for our brands. This we believe will enable us to reach the target markets while converting the desired demographics into clients and help establish our premium brands as that are youthful yet classy and sophisticated.

Our Company believes that increasing awareness of our brand and services throughout India would require direct marketing efforts and innovative brand-building strategies. Further, increase in our points of presence through EBOs would provide us an ideal platform to launch our products at different places which would require us to undertake efforts to increase our visibility by undertaking proactive promotion efforts through various media like television, print and direct promotion.

Our Company proposes to utilize ₹ 300 Lacs from the Issue Proceeds towards enhancement of our brands through advertising and other brand-building activities. The estimated cost for branding and marketing expenses is derived from the quotation dated February 7, 2013 provided by Deadline Advertising Private Limited.

The estimated cost for branding building and marketing activities are given below:

(₹ in Lacs)	
Medium	Amount [^]
Television Media	97.68
Print Media	201.32
Total	300

[^] Subject to applicable taxes

3. *Investment in the equity shares of our Group Company*

Our Group Company, MAPL, undertakes manufacturing of intimate garments for our Company. We have entered into an exclusive manufacturing agreement dated January 23, 2013 with MAPL for manufacturing products exclusively for our Company. For further details on all the agreements entered with MAPL, please see the chapter titled “*History and Certain Corporate Matters*” on page no. 107 of this Draft Prospectus.

MAPL’s business is complementary to our business. This backward integration helps our Company to control its manufacturing cost and create new designs and styles which are suited to the needs and comfort of the customers, besides branding and marketing. Our Company believes that such an investment in MAPL is in line with our strategy of expanding our business and will also help us to improve operational efficiency.

Our Company has entered into a share subscription agreement with MAPL on January 23, 2013 in order to acquire majority stake of MAPL. Pursuant to the said agreement, our Company has agreed to subscribe to 15,92,500 equity shares of MAPL at par for consideration aggregating to ₹ 159.25 Lacs. We propose to utilise ₹ 150 Lacs out of the Issue Proceeds towards investment in MAPL. Apart from the improved synergies mentioned herein, our Company shall benefit from investment in MAPL by way of dividend income from the equity shares held in MAPL. However, no dividend is assured to our Company as a consequence of such capital infusion.

Our Company has engaged services of M/s Manish D Jain & Co., Chartered Accountants, 2, Meena Niwas, J. P. Road, Ghatkopar (West), Mumbai – 400 086 to determine valuation of MAPL for acquisition of controlling stake. As per the valuation carried out and valuation report dated January 22, 2013 submitted to our Board of Directors by M/s Manish D Jain & Company the fair value of equity shares of MAPL ranges between ₹ 9.62 to ₹ 10.20 per equity share.

The said valuation report is forming part of material contracts of our Company and the same can be inspected at our Registered Office.

Once the above mentioned equity infusion is complete, MAPL shall become the subsidiary of our Company and its financials shall be consolidated in terms of accounting standards notified under the Companies (Accounting Standards) Rules, 2006 as amended which shall improve the overall valuation of our Company.

For further details, please refer to the section titled “Financial Information” on page no. 130 of this Draft Prospectus

4. To fund modernization of machineries

Our Company primarily focuses on design, styling, sampling, branding and marketing of our products. Our products are manufactured by our Group Company being MAPL and other manufacturers. We have entered into an agreement dated January 31, 2013 with MAPL for leasing of the existing machineries for manufacturing our products as set out in the chapter titled “Our Business” on page no. 85 of this Draft Prospectus. The machinery will help improve efficiencies of operations of MAPL and potentially add to our margins. One of the Objects of the Issue is to acquire machineries which are to be given on lease to MAPL. Hence, we propose to lease the below mentioned machineries to MAPL, our Group Company.

We have estimated total cost for the modernization of machineries, the detailed break up is given hereunder:

Particulars	Rate per unit (in ₹)	No. of units	₹ in Lacs #	Quotation received from	Utility
Flatbed interlock stitch machine	1,10,000	15	16.50	Imperial Group of Companies	Stitch Machine
INA Hanger system ES Class	57,79,907*	1	57.80	Orbito Asia Pte Limited	Hanging Machine
Spreading machine D 600	22,12,954*	3	66.39	Orbito Asia Pte Limited	Spreading / Layering Machine
Cutter PROCUT D 8001	1,08,39,532*	1	108.39	Orbito Asia Pte Limited	Cutting Machine
Damai Brand Multihead High Speed Embroidery machine	24,00,000	2	48.00	Mehala Machines India Limited	Embroidery Machine
Siruba model no BT290 A1	2,20,000	5	11.00	Mehala Machines India Limited	Interlocking Machine
TOTAL			308.08		

#All the quotations are subject to applicable taxes except for the Siruba Model no BT290 A1 from Mehala Machines India Limited

*Quotations arrived by taking the conversion rates as on January 10, 2013:

US\$ = ₹ 54.6305 & 1 Euro = ₹ 71.3235 as on January 10, 2013 (Source: www.rbi.org.in)

Our Company does not have any intention of procuring second hand machinery for the proposed object.

5. To meet incremental working capital requirements

Our business is working capital intensive. We finance our working capital requirements from various banks / financial institutions and from our internal accruals. As on September 30, 2012, the Company’s working capital funding from banks is of ₹ 3,280.39 Lacs.

Total working capital requirements as of March 31, 2013 is estimated to be ₹ 8,628.59 Lacs. As on the date of this Draft Prospectus, our Company has obtained working capital facilities for an amount of ₹ 5,000.00 Lacs from Bank of Baroda, ₹ 300.00 Lacs from SIDBI and ₹ 178.13 Lacs from Fullerton India Credit Company Limited.

For further details of the working capital facilities currently availed by our Company, please see the chapter titled “*Financial Indebtedness*” on page no. 172 of this Draft Prospectus.

The Company requires additional working capital primarily for financing the inventory in the new EBO’s that it is proposing to set up pursuant to this Issue.

Basis of estimation of working capital requirement

The details of the Company’s working capital requirements as at September 30, 2012 and funding of the same are as set out in the table below:

₹ in Lacs

Sl. No.	Particulars	For the six months period ended September 30, 2012
I	Current assets	
	Inventories	4,688.37
	Trade receivables	6,040.78
	Cash and cash equivalents	55.94
	Short-term loans and advances	35.55
	Other Currents assets	168.14
	Total current assets (A)	10,988.78
II	Current liabilities (other than short term)	
	Trade payables	5495.69
	Other Currents liabilities	60.12
	Short-term provisions	393.98
	Total current liabilities other than short term borrowings (B)	5,949.79
III	Net estimated working capital requirements (A-B)	5,038.99
IV	Funding pattern	
	Working capital funding from banks and financial institutions	3,280.39
	Internal accruals, promoter equity, unsecured loans and other sources	1,758.60

The details of the Company’s expected working capital requirements as at March 31, 2013 and funding of the same are as set out in the table below:

(₹ in Lacs)

Sl. No.	Particulars	For the year ended March 31, 2013
I	Current assets	
	Inventories	5,022.66
	Trade receivables	3,049.95
	Cash and cash equivalents	1,922.72
	Short-term loans and advances	50.00
	Other Currents assets	388.02
	Total current assets (A)	10,433.35
II	Current liabilities (other than short term)	
	Trade payables	1,379.39
	Other Currents liabilities	381.50
	Short-term provisions	43.87
	Total current liabilities other than short term borrowings (B)	1,804.76
III	Net estimated working capital requirements (A-B)	8,628.59
IV	Funding pattern	
	Working capital funding from banks and financial institutions	5,478.13
	Internal accruals, promoter equity, unsecured loans and other sources	2,400.46
	Part of Issue proceeds	750.00

Assumptions for working capital requirements:

Particulars	Number of months outstanding
Inventories	
Raw materials	2
Work in progress (WIP)	1
Finished goods	1
Trade receivables	2.25
Current Liabilities other than short-term borrowings	1.16

Note: Trade receivables are in terms of number of months of 'Sales'. Inventories namely raw materials and current liabilities other than short-term borrowings are in terms of number of months of 'cost of materials consumed'. WIP and finished goods inventory are in terms number of months of 'cost of sales'.

6. For general corporate purposes

Our Company in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net proceeds of this Issue aggregating to ₹ 125.00 Lacs which constitutes 5.95% of the Issue Size, for general corporate purpose towards financing normal capital expenditure, repayment of loans, strategic initiatives, expanding into new geographies, pre-operative expenses, brand building exercise, funding routine working capital and strengthening our marketing capabilities.

7. To meet Issue related expenses

The expenses for this Issue include fees of the LM, Underwriting commission, brokerage and selling commission, registrar' fees, advertisement and marketing expenses, printing and distribution expenses, legal fees, depository charges and listing fees to the Designated Stock Exchange and other expenses.

The estimated Issue related expenses are as under:

Sl. No	Activity	Amount in ₹ Lacs	Percentage of total estimate Issue expenditure (%)	Percentage of Issue Size (%)
1.	Fees for Lead Manager and Legal Advisor	62.00	35.43	2.95
2.	Fees for Registrar, Advisor, Depository charges and Bankers to the Issue	23.20	13.26	1.10
3.	Advertisement and publicity expenses	10.00	5.71	0.48
4.	Printing and distribution expenses	5.00	2.86	0.24
5.	Fees for Market Making, Underwriting and Selling Commission expenses	65.75	37.57	3.13
6.	Listing fees and other related expenses	1.00	0.57	0.05
7.	Miscellaneous expenses	8.05	4.60	0.38
	TOTAL	175.00	100.00	8.33

Means of Finance

Since our fund requirements as stated herein are proposed to be funded entirely from the Issue Proceeds and internal accruals, we confirm that we are not required to make any firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through the proposed Issue as required under SEBI (ICDR) Regulations.

Interim use of funds

Our Company in compliance of section 61 of the Companies Act and in accordance with the policies established by its Board, will have flexibility in deploying the Issue Proceeds. Pending utilization for the

purposes described above, we intend to temporarily invest the funds from the Net Proceeds in interest bearing liquid instruments including investment in money market mutual funds, government securities, fixed deposit with banks etc., as may be approved by our Board. Our Company confirms that pending utilization of the Net Proceeds, it shall not use the funds for any investment in equity or equity linked securities.

Monitoring Utilization of Funds

Our Board will monitor the utilization of the Issue Proceeds. Our Company will disclose the utilization of the Issue Proceeds under a separate head along with details, for all such Issue Proceeds that have not been utilized. The Company will indicate investments, if any, of unutilized Issue Proceeds in our balance sheet for the relevant Fiscals subsequent to this Issue.

Pursuant to Clause 52 of the SME Equity Listing Agreement, our Company shall, on a quarterly basis, disclose to the Audit Committee, the use and application of the Issue Proceeds. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Issue Proceeds have been utilised in full. The statement will be certified by our Statutory Auditor.

Our Company shall, in terms of Clause 46 of the SME Equity Listing Agreement, be required to inform material deviations in the utilisation of the Issue Proceeds to the Designated Stock Exchange and shall also be required to simultaneously make public the material deviations / adverse comments of the Audit Committee, through advertisements in newspapers and which will also be displayed on our website.

Except as mentioned in this chapter, no part of the Issue Proceeds will be paid by us as consideration to the Promoter, the Directors, key management personnel or other management personnel or Group Company in the normal course of business and in compliance with the applicable law.

Except as mentioned in this chapter, there is no material existing or anticipated transactions with the Promoter, Directors, the members of Promoter Group, the Group Companies or key managerial personnel in relation to the utilisation of the Issue Proceeds.

BASIS FOR ISSUE PRICE

The Issue Price is determined by our Company in consultation with the Lead Manager on the basis of assessment of market demand and on the basis of the following qualitative and quantitative factors for the Equity Shares offered by our Company. The face value of the Equity Shares is ₹ 10 and the Issue Price is 4 (four) times the face value. The financial data presented in this chapter are based on our Company's Restated Financial Statements. Investors should also refer to the sections titled "Risk Factors" and "Financial Information" on page no. 13 and page no. 130 respectively of this Draft Prospectus in order to make an informed investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the price are:

- Experienced and competent management team
- Brand Equity
- Design expertise, with a pulse on fashion
- Understanding the consumer
- Integrated product portfolio

For details, please see the chapter titled "Our Business" and section titled "Risk Factors" on page no. 85 and page no. 13 respectively of this Draft Prospectus.

Quantitative Factors

Information presented in this chapter is derived from our Company's Restated Financial Statements prepared in accordance with Indian GAAP and SEBI (ICDR) Regulations. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Basic and diluted Earnings Per Share (EPS) as adjusted for change in capital:

Period	Basic & Diluted EPS (₹)	Weightage
Year ended March 31, 2010	4.51	1
Year ended March 31, 2011	7.96	2
Year ended March 31, 2012	7.14	3
Weighted Average	6.97	

Note:

1. Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings per Share" notified under the Companies (Accounting Standards) Rules, 2006 as amended from time to time
2. The face value of each Equity Share is ₹ 10. (Face value of the Equity Shares has been changed from ₹100 to ₹ 10 w.e.f. October 18, 2012 vide resolution passed in the EGM held on October 18, 2012.)

2. Price to Earnings (P/E) ratio in relation to Issue Price of ₹ 40 per Equity Share of ₹ 10 each

Particulars	P/E at the Issue Price of ₹ 40
Based on EPS of ₹ 7.14 for Fiscal 2012	5.6
Based on Weighted Average EPS of ₹ 6.97 for Fiscal 2012	5.74

Industry P/E – Textile Products

Highest – Raymond Limited	43.40
Lowest – Wires & Fabriks (SA) Limited	4.10
Average	35.62

Source: Capitaline as on February 18, 2013

3. Return on Average Net Worth (RONW)

Period	Return on Net Worth (%)	Weightage
Year ended March 31, 2010	16.73	1
Year ended March 31, 2011	19.15	2
Year ended March 31, 2012	31.09	3
Weighted Average	24.72	

Note:

The return on average net worth has been computed on the basis of the restated profits of the respective years / period drawn after considering the impact of material adjustments of prior period items pertaining to earlier years. The Average Net Worth has been computed as a simple average of the opening and closing Net Worth excluding share application money, as per Restated Statement of Assets and Liabilities.

4. Net Asset Value per Equity Share (“NAV”)

Period	Amount in ₹
NAV as at March 31, 2012 (Face Value ₹ 10)	20.68
Issue Price	40.00
NAV after the Issue	20.90

Note: Net Asset Value per Equity Share represents shareholders' equity as per restated financial statements less revaluation reserves and miscellaneous expenses as divided by number of Equity Shares outstanding as of date.

5. Minimum Return on total Net Worth after Issue needed to maintain Pre-Issue Basic and Diluted EPS for the year ended March 31, 2012 is 34.16%
6. Comparison of Accounting Ratios

We are engaged in the business of marketing and branding of intimate garments. We have drawn comparison with the listed companies mentioned hereunder based on the sector in which our company operates in.

Name of the Company	Period	Face Value (₹)	EPS (₹)	RONW (%)	NAV	P/E Ratio
Lovable Lingerie Limited	March 31, 2012	10	12.89	13.61	94.63	22.04
Page Industries Limited	March 31, 2012	10	80.68	54.27	148.65	34.41
Rupa & Company Limited	March 31, 2012	1	5.22	21.75	24.00	20.74

Source: www.moneycontrol.com

The Issue Price of ₹ 40 per Equity Share has been determined by our Company in consultation with the Lead Manager, on the basis of the on the basis of assessment of market demand and on the basis of the above qualitative and quantitative factors and is justified based on the above accounting ratios. For further details, please see the section titled “Risk Factors”, chapters titled “Our Business” and “Restated Financial Statements” on page no. 13, page no. 85 and page no. 130 respectively of this Draft Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

The Board of Directors

Ashapura Intimates Fashion Limited
Shop No 3-4, Ground Floor,
Pacific Plaza, Plot No 507,
Off B S road, Mahim Division, Dadar West,
Mumbai 400 028

Dear Sirs,

We hereby report that the enclosed **Annexure** outlines **Tax Benefits** generally available to Ashapura Intimates Fashion Limited (formerly known as Ashapura Intimates Fashion Private Limited) (the “**Company**”) and its shareholders under the Income Tax Act, 1961 (the “**Act**”) and other allied Direct-tax laws presently in force in India as amended by the Finance Act, 2012.

The benefits as stated are dependent on the Company or its shareholders complying with the conditions prescribed under the relevant provisions of Direct tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling of such conditions.

The benefits discussed in the enclosed Annexure are not exhaustive and do not constitute any opinion or assurance about the availability of these benefits. This statement is only intended to provide general information to the investors for the limited purpose of inclusion in this Draft Prospectus / Prospectus (“**Offer Document**”) in connection with the Proposed Initial Public Offer of Equity Shares by the Company (the “**Issue**”). Further, it is neither designed nor intended to be a substitute for professional 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.

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

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

This statement is intended solely for information and for inclusion in the Offer Document in connection with the Issue and is not to be used, referred to or distributed for any purpose without our prior written consent.

We have no responsibility to update our report for events and circumstances occurring after the date of this Statement.

Thanking you,
Yours Faithfully,

For JDNG & Associates
Chartered Accountants
Firm Registration no 104315W

Sd/-
(CA Jayesh Rawal)
Partner
Membership No.104738
Date: January 15, 2013
Place: Mumbai

TAXATION

The information provided below sets out the possible tax benefits available to the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of purchase, ownership and disposal of equity shares, under the Tax Laws presently in force in India. It is not exhaustive or comprehensive analysis and is not intended to be a substitute for professional advice

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

The following is based on the provisions of the Income-tax Act, 1961 (“**the Act**”) as on the date hereof. The Act is amended every Fiscal Year.

1. Levy of Income Tax

Tax implications under the Act are dependent on the residential status of the tax payer. We summarize herein below the provisions relevant for determination of residential status of a tax payer.

1.1. Residential status of an Individual –

As per the provisions of the Act, an individual is considered to be a resident in India during any FY if he or she is present in India for:

- a) a period or periods aggregating to 182 days or more in that FY; or
- b) a period or periods aggregating to 60 days or more in that FY and for a period or periods aggregating to 365 days or more within the four preceding years; or

In the case of a citizen of India or a person of Indian origin living abroad who visits India and in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year, the limit of 60 days under point (b) above, shall be read as 182 days.

Subject to complying with certain prescribed conditions, individuals may be regarded as ‘Resident but not ordinarily resident’.

1.2. Residential status of a company –

A company is resident in India if it is formed and incorporated under the Companies Act, 1956 or the control and management of its affairs is situated wholly in India.

1.3. Residential status of a Hindu undivided family (‘HUF’) firm or AOP –

A HUF, firm or other association of persons or every other person is resident in India except when the control and management of its affairs is situated wholly outside India.

A person who is not a resident in India would be regarded as ‘Non-Resident’.

1.4. Scope of taxation

In general, a person who is "resident" in India in a tax year is subject to tax in India on its global income. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or arises or is deemed to accrue or arise to such person in India is subject to tax in India. In the instant case, the income from the equity shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all categories of tax payers irrespective of their residential status unless specifically exempt (e.g. Dividend). However, a relief may be available under applicable Double Taxation Avoidance Agreement (“DTAA”) to certain nonresidents/ investors.

As per the taxation laws in force, the tax benefits / consequences as applicable, to the Company and the perspective shareholders are stated as under. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon the fulfilling such conditions:

2. Benefits available to the Company - Under the Act

2.1. Special Tax Benefits

- 2.1.1. Section 80-IC of the Act - In accordance with and subject to the conditions specified under Section 80-IC of the Act, an enterprise or undertaking which has begun or begins to manufacture or produce any article or thing (being an article or thing specified in this respect) before 1 April 2012 is entitled to a deduction of 100% of profits and gains for five Assessment Years (“AY”) commencing from the AY relevant to the previous year in which the undertaking or enterprise begins to manufacture or produce articles or things and thereafter 30% for next five AYs. The deduction is available to an enterprise or undertaking which is in any Export Processing Zone or Integrated Infrastructure Development Centre or Industrial Growth Centre or Industrial Estate or Industrial Park or Software Technology Park or Industrial Area or Theme Park as notified by Central Government in the state of Uttaranchal.

The deduction is available subject to fulfillment of conditions prescribed under the said Section.

- 2.1.2. Section 10AA of the Act- As per the provisions of Section 10AA of the Act and subject to conditions prescribed there under, deduction to the extent of 100% of profits derived from export of manufactured articles or things or services is available for a period of consecutive five AYs beginning with the AY in which the unit in a Special Economic Zone begins to manufacture or produce such article, things or provide services and 50% of such profits and gains for subsequent five AYs. Further, for next five consecutive AYs, deduction is available to the extent of 50% of the profits debited to the Statement of Profit and Loss and credited to Special Economic Zone Re-investment Reserve Account to be created and utilized in specified manner.

2.2. General Tax Benefits

- 2.2.1. As per Section 10(34) of the Act, any income received by the Company by way of dividends on which Dividend Distribution Tax (‘DDT’) has been paid shall not form part of the total income of the Company and accordingly would be exempt in its hands.

Under Section 14A of the Act, no deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax including dividends exempt under Section 10(34) of the Act. The expenditure relatable to “exempt income” needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Income-tax Rules, 1962 (“Rules”).

However, the Company would be liable to pay DDT at 15% (plus applicable surcharge and education cess and secondary & higher education cess) on the total amount declared, distributed or paid as dividends. In calculating the amount of dividend on which DDT is payable, dividends (if any, received by the Company during the tax year and subject to fulfillment of the conditions), shall be reduced by: dividends received from a subsidiary of the Company (A company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company); and such subsidiary has paid DDT on such dividends under Section 115-O of the Act.

- 2.2.2. As per Section 10 (35) of the Act, the following income shall be exempt in the hands of the Company:

- i) Income received in respect of the units of a Mutual Fund specified under clause (23D) of Section 10; or

- ii) Income received in respect of the units from the Administrator of the Specified undertaking; or
- iii) Income received in respect of units from the specified company.

However, as per the proviso, the above provisions are not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund

2.3. Deductions under “Income from House Property”

- 2.3.1. Under Section 24(a) of the Act, the Company is eligible for a standard deduction of 30% of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out); where the Company has income chargeable to tax under the head “Income from House Property”.
- 2.3.2. Further, under Section 24(b) of the Act, where the house property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income, if any, from such house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.

2.4. Computation of capital gains

- 2.4.1. Capital assets may be categorized into short-term capital assets and long-term capital assets based on the period for which they are held by a tax payer.

Shares in a company, listed securities or units or zero coupon bonds will be considered as long-term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long-term capital gains”. Capital gains arising on sale of these assets held for a period of 12 months or less are considered as “short-term capital gains”.

- 2.4.2. As per Section 10(38) of the Act, capital gains arising from transfer of a long-term capital asset (being an equity share in the Company or a unit of an equity oriented fund), where the transaction of sale is chargeable to Securities Transaction Tax (“STT”), shall be exempt in the hands of the Company.

For this purpose “Equity oriented fund” means a fund –

- i) Where the investible funds are invested by way of equity shares in the domestic companies to the extent of more than 65% of the total proceeds of such funds; and
- ii) Which has been set up under a scheme of a Mutual fund specified under Section 10(23D).

However, the long-term capital gains arising on sale of share or units as referred above shall not be reduced while calculating the book profit under the provisions of Section 115JB of the Act. In other words, such book profit shall include the long-term capital gain as referred to in Section 10(38) of the Act and the Company will be required to pay MAT @ 18.5% (plus applicable surcharge, education cess and secondary & higher education cess) on such book profit.

- 2.4.3. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains.

However, in respect of long-term capital gains (as defined in para 2.4.1 above), a deduction of indexed cost of acquisition is available. Indexed cost of acquisition means the cost of acquisition multiplied by Cost Inflation Index (“CII”) of the FY in which the asset is transferred and divided by the CII of the FY in which the asset was first held by the tax payer.

- 2.4.4. As per the provisions of Section 112 of the Act, long-term capital gains (as defined in para 2.4.1 above) [to the extent not exempt under Section 10(38) of the Act] would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess) and at the rate of 10% on long term capital gains arising from sale of unlisted securities.

However, as per the proviso to Section 112(1) of the Act, if the tax on long-term capital gains resulting from transfer of listed securities or units [to the extent not exempt under Section 10(38) of the Act], calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at the concessional rate of 10% (without indexation benefit) (plus applicable surcharge, education cess and secondary & higher education cess).

- 2.4.5. As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.4.1 above) on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess). Short-term capital gains arising from transfer of shares, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

- 2.4.6. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

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

The investment made in such bonds during any FY cannot exceed ₹5,000,000.

If only a part of the capital gains is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified assets are transferred or converted into money within 3 years from the date of acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

2.5. Depreciation allowance

- 2.5.1. Under Section 32(1) of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures and intangible assets such as patent, trademark, copyright, know-how, licenses, or any other business or commercial rights of similar nature if such intangible assets are acquired after 31 March 1998.

- 2.5.2. As per provision of Section 32(1)(iia) of the Act, the Company is entitled to claim additional depreciation at the rate of 20% of the actual cost of any new machinery or plant, subject to fulfillment of following conditions:

- i) New asset is acquired and installed after 31 March 2005;
- ii) Additional depreciation shall be available on all new plant and machinery acquired other than the following assets:
 - a) Ships and Aircraft;
 - b) Any machinery or plant which, before its installation by the company, was used either within or outside India by any other person;
 - c) Any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;
 - d) Any office appliances or road transport vehicles; or
 - e) Any machinery or plant, the whole of the actual cost of which is allowed as a deduction in computing the income under the head Profits and gains from business and profession for any year.

2.6. Carry forward of unabsorbed depreciation and unabsorbed business losses

2.6.1. Under Section 32(2) of the Act, where full effect cannot be given to any depreciation allowance under Section 32(1) of the Act in any FY, owing to there being no profits or gains chargeable for that FY, or owing to the profits or gains chargeable being less than the depreciation allowance, then, subject to the provisions of Section 72(2) and Section 73(3) of the Act, depreciation allowance or the part of depreciation allowance to which effect has not been given, as the case may be, shall be added to the amount of the depreciation allowance for the following FY and deemed to be part of that depreciation allowance, or if there is no such depreciation allowance for that previous year, be deemed to be the depreciation allowance for that FY, and so on for the succeeding FYs.

2.6.2. Under Section 72(1) of the Act, where for any FY, the net result of the computation under the head “Profits & Gains of Business or Profession” is a loss to the Company (not being a loss sustained in a speculation business), then to the extent to which such loss can be set off against income under any other head of income (other than salary) for the same year, it shall be eligible to be carried forward and available for set off only against income from business under head “Profits & Gains of Business or Profession” for subsequent FYs. As per Section 72(3) of the Act, the loss carried forward can be set off subject to a limit of 8 FYs immediately succeeding the FY for which the loss was first computed.

However, as per Section 80 of the Act, only a loss which has been determined in pursuance of a return filed in accordance with the provisions of Section 139(3) of the Act shall be carried forward and set off under Section 72(1) of the Act.

2.7. MAT credit

Under Section 115JAA of the Act, tax credit shall be allowed in respect of MAT paid under Section 115JB of the Act for any AY commencing on 1 April 2006 and any subsequent AY. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. The credit is available for set off only when tax becomes payable under the normal provisions of the Act. The tax credit can be utilized to the extent of difference between the tax under the normal provisions of the Act and tax payable under MAT for that year. Credit in respect of MAT paid for AY 2011-12 and any subsequent AYs shall be available for set-off up to 10 AYs immediately succeeding the AY for which the MAT credit initially arose.

2.8. Amortization of certain expenditure

- 2.8.1. Under Section 35D of the Act, a company is eligible for deduction in respect of specified preliminary expenditure incurred by it in connection with extension of its undertaking or in connection with setting up new unit for an amount equal to 1/5th of such expenditure over 5 successive AYs subject to conditions and limits specified in that Section.
- 2.8.2. Specified expenditure includes expenditure in connection with the issue, for public subscription, of shares in or debentures of the company, being underwriting commission, brokerage and charges for drafting, typing, printing and advertisement of the prospectus.
- 2.8.3. Under Section 35DDA of the Act, the company is eligible for deduction in respect of payments made to its employees in connection with his voluntary retirement for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions specified in that Section.
- 2.9. Deduction for donations under section 80G of the Act in respect of amounts contributed as donations to various charitable institutions and funds covered under that Section, subject to the fulfillment of conditions prescribed therein. Please note that no deduction shall be allowed under Section 80G of the Act for any sum exceeding ₹10,000 unless such sum is paid by any mode other than cash.
3. Benefits available to resident shareholders under the Act
- 3.1. Dividends exempt under Section 10(34) of the Act
- Under Section 10(34) of the Act, any income by way of dividends (declared, distributed or paid on or after 1 April 2003) received from a domestic company is exempt in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.
- No deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax e.g. dividends exempt under Section 10(34) of the Act. The expenditure relatable to “exempt income” needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.
- The Company, however, shall be liable to pay DDT on such dividends as discussed in para 2.2.1 above.
- 3.2. Computation of capital gains
- 3.2.1. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset from the sale consideration to arrive at the amount of capital gains. However, in respect of long-term capital gains, deduction of indexed cost of acquisition / improvement is available. Indexed cost of acquisition means the cost of acquisition multiplied by CII of the FY in which the asset is transferred and divided by the CII of the first FY during which the asset was first held by the tax payer.
- 3.2.2. As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.4.1 above) on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess).
- Short-term capital gains arising from transfer of shares in the Company, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.
- 3.2.3. As per the provisions of Section 112 of the Act, long-term capital gains (as defined in para 2.4.1 above) [to the extent not exempt under Section 10(38) of the Act] would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess) and at the rate of 10% on long term capital gains arising from sale of unlisted securities.

However, as per the proviso to Section 112(1) [to the extent not exempt under Section 10(38) of the Act], if the tax on long-term capital gains resulting from transfer of listed securities or units, calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at a concessional rate of 10% (without indexation benefit) (plus applicable surcharge, education cess and secondary and higher education cess) without allowance of indexation benefit.

3.3. Capital gains - not subject to Income - tax

- 3.3.1. According to Section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax. However, in case of a shareholder being a company, gains arising from transfer of above referred long-term capital asset shall be taken into account for computing the book profit for the purposes of computation of MAT under Section 115JB of the Act.
- 3.3.2. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains are invested within 6 months after the date of such transfer in specified assets, being bonds issued by:
- a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - b) Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956.

The investment made in such bonds during any FY cannot exceed ₹5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

- 3.3.3. As per provision of Section 54F of the Act, long term capital gains [in case not covered under Section 10(38)] arising from the transfer of any capital asset (not being residential house property) held by an Individual or Hindu Undivided Family ("HUF") will be exempt from tax, if net consideration is utilized, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years.

3.4. Income from Business Profits

Where the equity shares form a part of stock-in-trade of shareholder, any income realized from disposition of the equity shares would be chargeable under the head "profit and gains of business or profession" as per the provisions of the Act. The nature of the equity shares held by the shareholder (i.e. whether held as 'investment' or as 'stock-in-trade') is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding period.

As per Section 36(xv) of the Act, an amount equal to the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of his business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

3.5. Income from other sources

3.5.1. Section 56(2)(vii)

With effect from 1 October 2009, where any property, other than immovable property (including shares) is received by an individual/ HUF: -

- i) without consideration and the aggregate fair market value of such property exceeds ₹50,000, or
- ii) for a consideration which is less than the aggregate fair market value of such property by at least ₹50,000, then the difference between fair market value and consideration paid will be taxable as income from other sources.

This provision is applicable only if shares are held by the shareholders as a capital asset.

This provision is not applicable where shares are received in any of the following modes, namely –

- 1) From any relative;
- 2) On the occasion of marriage of the individual;
- 3) Under a will or by way of inheritance;
- 4) In contemplation of death of the payer or donor;
- 5) From any local authority as defined in Explanation to Section 10(20);
- 6) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in Section 10(23C); or
- 7) From any trust or institution registered under Section 12AA.

3.5.2. Section 56(2)(viia)

Where any property, being shares of a company in which public is substantially interested is received by a firm or a company (not being a company in which public is substantially interested on or after 1 June 2010):-

- i) without consideration and the aggregate fair market value of such property exceeds ₹50,000, or
- ii) for a consideration which is less than the aggregate fair market value of such property by at least ₹50,000, then the difference between fair market value and consideration paid will be taxable as income from other sources.

However, as per the proviso, the above clause is not applicable to any such property received by way of a transaction not regarded as transfer under clause (via) or (vic) or (vicb) or (vid) or (vii) of Section 47.

3.5.3. Section 56(2)(viib)

With effect from 1 April 2012, a company in which public is substantially interested, received any consideration for issue of shares, from a resident person, which is less than the face value of such shares, then the difference between face value and consideration paid will be taxable as income from other sources.

However, the above provisions are not applied in case where consideration for issue of shares is received:

- i) by a venture undertaking from a venture capital company or a venture capital fund; or
- ii) by a company from a class or classes of persons as notified by Central Government.

4. Benefits available to Non-resident shareholder (Other than Foreign Institutional Investors) under the Act

4.1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, any income by way of dividends (declared, distributed or paid on or after 1 April 2003) received from a domestic company is exempt in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

No deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax e.g. dividends exempt under Section 10(34) of the Act. The expenditure relating to “exempt income” needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

The Company, however, shall be liable to pay DDT on such dividends as discussed in para 2.2.1 above.

4.2. Computation of capital gains

- 4.2.1. Under Section 10(38) of the Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company are exempt from tax, where the transaction of sale is chargeable to STT .

However, in case of shareholder being a company and liable to MAT in India, profits on transfer of above referred long term capital asset shall not be reduced in computing the “book profit” for the purposes of computation of MAT under Section 115 JB of the Act.

- 4.2.2. Section 48 of the Act contains special provisions relating to computation of capital gains, in the hands of non-residents arising from transfer of shares of an Indian company which were purchased in foreign currency. Computation of capital gains has to be done by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same currency that was initially used to acquire such shares. The capital gain (i.e. sale proceeds less cost of acquisition) computed in the original foreign currency is then converted into Indian Rupees at the prevailing exchange rate. Non-resident shareholders are not entitled to indexation benefit (for a detailed discussion on indexation, refer para 2.4.3 above).
- 4.2.3. As per the provisions of Section 112 of the Act, long-term capital gains (as defined in para 2.4.1 above) [to the extent not exempt under Section 10(38) of the Act] would be subject to tax at a rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess) and at the rate of 10% on long term capital gains arising from sale of unlisted securities.

However, as per the proviso to Section 112(1) of the Act, if the tax on long-term capital gains resulting on transfer from listed/ unlisted securities or units [to the extent not exempt under Section 10(38) of the Act], calculated at the rate of 20% (with indexation benefit) exceeds the tax on long-term gains computed at the rate of 10% (without indexation benefit), then such gains are chargeable to tax at a concessional rate of 10% (without indexation benefit) (plus applicable surcharge, education cess and secondary & higher education cess).

- 4.2.4. As per the provisions of Section 111A of the Act, short-term capital gains (as defined in para 2.4.1 above) on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at the rate of 15% (plus applicable surcharge, education cess and secondary & higher education cess), in addition to the other requirements, as specified in the Section. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

4.3. Capital gains- not subject to Income- tax

- 4.3.1. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in specified assets, being bonds issued by (to the extent permitted under prevalent laws):

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

The investment made in such bonds during any FY cannot exceed ₹5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

- 4.3.2. As per provision of Section 54F of the Act, long term capital gains (as defined in para 2.4.1 above) [not being long term capital gains covered under Section 10(38) of the Act] arising from transfer of the any capital asset (not being residential house property) held by an Individual or HUF will be exempt from tax, if net consideration is utilised, within a period of one year before or two year after the date of transfer, for purchase of a residential house, or for construction of a residential house within three years.

4.4. Special benefit available to Non-resident Indian shareholders

In addition to some of the general benefits available to non-resident shareholders, where equity shares of the Company have been subscribed by Non-Resident Indians (“NRI”) i.e. an individual being a citizen of India or person of Indian origin who is not a resident, in convertible foreign exchange, they have the option of being governed by the provisions of Chapter XIIA of the Act, which inter alia entitles them to the following benefits:

- 4.4.1. In accordance with Section 115E of the Act, income from investment or income from long- term capital gains on transfer of assets other than specified asset (including shares of an Indian company) shall be taxable at the rate of 20% in the hands of a NRI. Income by way of long term capital gains in respect of a specified asset [as defined in Section 115C (f) of the Act], shall be chargeable to income tax at 10%.
- 4.4.2. Under provisions of Section 115F of the Act, any long term capital gains arising from the transfer of a foreign exchange asset arising to a NRI shall be exempt from tax if the whole or any part of the net consideration is reinvested in any specified assets within six months of the date of the transfer. If only a part of the net consideration is reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax as “capital gains” subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition. The taxability shall arise in the year in which the transfer or conversion, as the case may be, takes place.
- 4.4.3. As per the provisions of Section 115G of the Act, NRIs are not required to file a return of income under Section 139(1) of the Act, if the income chargeable under the Act consists of only investment income or capital gains arising from the transfer of specified long term capital asset or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and provided tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the Act.
- 4.4.4. As per the provision of Section 115H of the Act, where a person who is NRI in any previous year, becomes assessable as resident in India in respect of total income of any subsequent year, the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income derived from any foreign exchange asset being an assets specified under sub clause (ii), (iii), (iv) or (v) of Section 115(C)(f) for that AY and for every subsequent AY until there is transfer or conversion of

such asset. For this provision to apply, NRI is required to file a declaration along with his return of income for the AY in which he becomes assessable as resident in India.

- 4.4.5. In accordance with Section 115I of the Act, where a NRI opts not to be governed by the provisions of Chapter XII-A for any AY, his total income for that AY (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Act.

4.5. Taxability as per DTAA

- 4.5.1. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of Section 90(2) of the Act, the provision of the DTAA would prevail over the provisions of the Act to the extent they are more beneficial to the non-resident.

- 4.5.2. As per the amendment introduced by Finance Act, 2012, Section 90(4) has been inserted which provides that an assessee being a non-resident, shall not be entitled to claim any relief under Section 90(2) unless a certificate containing such particulars as may be prescribed, of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory.

In other words, the tax payers shall be entitled to be governed by the provisions of the DTAA only when they obtain a tax residency certificate (containing particulars as may be prescribed) from the Government of the country of residence of such non-resident tax payer.

5. Benefits available to Foreign Institutional Investors (“FIIs”) under the Act

5.1. Dividends exempt under Section 10(34) of the Act

Under Section 10(34) of the Act, any income by way of dividends (declared, distributed or paid on or after 1 April 2003) received from a domestic company is exempt in the hands of the shareholders, if such dividends are subject to DDT under Section 115-O of the Act.

No deduction is permitted in respect of expenditure incurred in relation to earning of income which is not chargeable to tax e.g. dividends exempt under Section 10(34) of the Act. The expenditure relating to “exempt income” needs to be determined in accordance with the provisions specified in Section 14A of the Act read with Rule 8D of the Rules.

The Company, however, shall be liable to pay DDT on such dividends as discussed in para 2.2.1 above.

5.2. Taxability of capital gains

- 5.2.1. As per the provisions of Section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under Section 10(38) of the Act at the rates as follows:

Nature of income	Rate of tax (%)
Long term capital gain	10
Short term capital gain	30

The above tax rates would be increased by the applicable surcharge, if tax payer is a foreign company whose total income under the Act exceeds rupees one crore, education cess and secondary & higher education cess.

The benefits of indexation provided by Section 48 of the Act (for discussion on indexation, refer para 2.4.3 above) and foreign currency fluctuation protection as of the Act are not available to an FII.

- 5.2.2. According to Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15% (plus applicable

surcharge, education cess and secondary & higher education cess) in addition to the other requirements, as specified in the Section.

5.3. Capital gains- not subject to Income- tax

5.3.1. Under Section 10(38) of the Act, long term capital gains (as defined in para 2.4.1 above) arising to a shareholder on transfer of equity shares in the Company are exempt from tax, where the sale transaction has been entered into on a recognized stock exchange of India and STT has been paid on the same. However, since capital gains derived by a foreign company are subject to MAT in India, long term capital gain so earned would be required to be taken into account in computing the book profit for the purpose of computation of MAT under Section 115JB of the Act (for discussion on MAT, refer para 2.7 above).

5.3.2. Under Section 54EC of the Act and subject to the conditions specified therein, long-term capital gains arising on the transfer of equity shares of the Company would be exempt from tax if such capital gains is invested within 6 months after the date of such transfer in specified assets, being bonds issued by:

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

The investment made in such bonds during any FY cannot exceed ₹ 5,000,000.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

As long term capital gains covered under Section 10(38) of the Act are exempt from tax, there is no requirement to invest under Section 54EC of the Act in such cases.

5.4. Income from Business Profits

Where the equity shares form a part of its stock-in-trade, any income realized in the disposition of the equity shares will be chargeable under the head “profit and gains of business or profession”, taxable in accordance with the DTAA between India and the country of tax residence of the FII read with the Act. The nature of the equity shares held by the FII is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding.

If the income realised from the disposition of equity shares is chargeable to tax in India under the head “Profits and gains of business or profession”, as per Section 36(xv) of the Act, an amount equal to the STT paid by the tax payer in respect of the taxable securities transactions entered into in the course of his business during the previous year, is permitted as a deduction, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

Business profits, if taxable in India, may be subject to tax at the rate of 40% (plus applicable surcharge, education cess and secondary & higher education cess).

5.5. Taxability as per DTAA

- 5.5.1. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

As per the provisions of Section 90(2) of the Act, the provision of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident.

- 5.5.2. As per the amendments introduced by the Finance Act, 2012, Section 90(4) has been inserted which provides that an assessee being a non-resident, shall not be entitled to claim any relief under Section 90(2) unless a certificate containing such particulars as may be prescribed, of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory.

5.6. Benefits available to Mutual Funds under the Act

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income-tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

6. Benefits available to Venture Capital Companies/Funds

- 6.1. Under Section 10(23FB) of the Act, any income of Venture Capital Companies/Funds (set up to raise funds for investment in venture capital undertaking) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. 'Venture capital undertaking' means a venture capital undertaking referred to in the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992.
- 6.2. As per Section 115U of the Act, any income accruing/ arising/ received by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/ arising/ received by such person had the investments been made directly in the venture capital undertaking.
- 6.3. Further, as per Section 115U(5) of the Act, the income accruing or arising to or received by the Venture Capital Company/ Funds from investments made in a Venture Capital Undertaking if not paid or credited to a person (who has made investments in a Venture Capital Company/ Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

7. DTAA benefits

- 7.1. As per the provisions of Section 90(2) of the Act, an investor has an option to be governed by the provisions of the Act or the provisions of a DTAA that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.
- 7.2. As per the amendments introduced by the Finance Act, 2012, Section 90(4) has been inserted which provides that an assessee being a non-resident, shall not be entitled to claim any relief under Section 90(2) unless a certificate containing such particulars as may be prescribed, of his being a resident in any country outside India, is obtained by him from the government of that country or any specified territory.

8. Benefits available under the Wealth-tax Act, 1957

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

9. Benefits available under the Gift-tax Act, 1958

Gift tax is not imposable in respect of any gifts made on or after 1 October 1998. However as per the provisions of Section 56(2)(viii) of the Act, a tax liability would arise where the shares of a company are gifted by any person(s) to a firm or a company in which the public is not substantially interested in the hands of such recipient of shares (for detailed discussion, refer para 3.5 above).

10. Loss under the head 'Capital Gains'

In general terms, loss arising from transfer of a capital asset in India can only be set off against capital gains. Long term capital loss arising on sale of equity shares not subjected to STT during a year is allowed to be set-off only against long term capital gains. A short term capital loss can be set off against capital gains whether short term or long term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of 8 years immediately succeeding the year for which the loss was first determined and may be set off against the capital gains assessable for such subsequent years. In order to set off a capital loss as above, the investor (resident/ non- resident) is required to file appropriate and timely income-tax returns in India.

Notes:

- 1) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;
- 2) The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current Tax Laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant Tax Laws;
- 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/specified territory (outside India) 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 shareholders.
- 6) The tax rates (including rates for tax deduction at source) mentioned in this Statement are applicable for AY 2013-14 and are exclusive of surcharge and education cess. Surcharge @ 5% is applicable in case of resident companies where total income under the Act exceeds ₹ 1 crore. In case of foreign companies, surcharge @2% is applicable in case the total income exceeds ₹ 1 crore.
- 7) We have not considered the provisions of Direct Tax Code Bill 2010 for the purpose of this Statement

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

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

Except for the Business of Fashion Year Book 2012, all financial and statistical data in the following discussion is derived from publicly available documents from various sources, including the websites of the Ministry of Textile and India Brand Equity Foundation. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with this Issue have verified this information.

OVERVIEW OF INDIAN TEXTILE INDUSTRY

Indian manufacturing companies have come a long way from being domestic companies to being transnational and multinational corporations. Diversification into different markets, cluster approach and product competitiveness have contributed greatly in enhancing India's manufacturing capabilities. India is now one of the top 10 industrial nations of the world with 1.5 per cent share in MVA, according to the International Yearbook of Industrial Statistics 2011 report. The MVA of industrialized countries grew by 3.4 per cent in 2010 and that of developing economies progressed with a robust 9.4 per cent growth. India's high growth of industrial production has made significant impact in its share of globally manufactured goods. The industrial sector of India with its future opportunities and high employment potential embraces the path to the economic development of the country. India has attained a realistically sufficient level of self-sufficiency in manufacturing a range of basic and capital goods. India has enthralled multinational companies and investors for the huge potential it holds in terms of providing cheap labour and a gigantic market for world goods and services. Liberalization, privatization and globalization are the major promoters that have been the cause of the transition in the Indian economy and the manufacturing sector. It is widely accepted that the growth rate of the manufacturing sector in a country truly reflects its economic potential.

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 USD 64.41 billion by the end of March, 2017. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for nearly 11% share of the country's total exports basket. In the liberalized post-quota period, India has emerged as a major sourcing destination for buyers from all over the globe. As a measure of growing interest in the Indian textiles and clothing sector, a number of reputed international retailers have opened their sourcing / liaison office in India. Commercially the buoyant retailers across the world are looking for options of increasing their sourcing from the Indian markets. Indian manufacturers are also pro-actively working towards enhancing their capacities to fulfill this increased demand.

Source: Business of Fashion Year Book 2012 (Volume IX. No. 1) and <http://texmin.nic.in>: Note on Indian Textiles and Clothing Exports

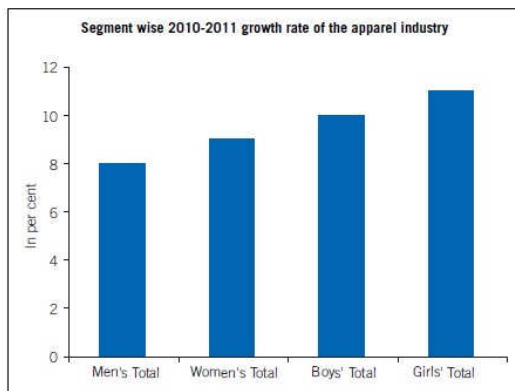
OVERVIEW OF THE INDIAN APPAREL INDUSTRY

India has known international fashion and luxury brands for several decades - from the mass footwear brand Bata to the top-notch luxury of LVMH Group (Louis Vuitton Moët Hennessy) some of whose most important global customers included the rulers of Indian princely states. International fashion brands have an age-old

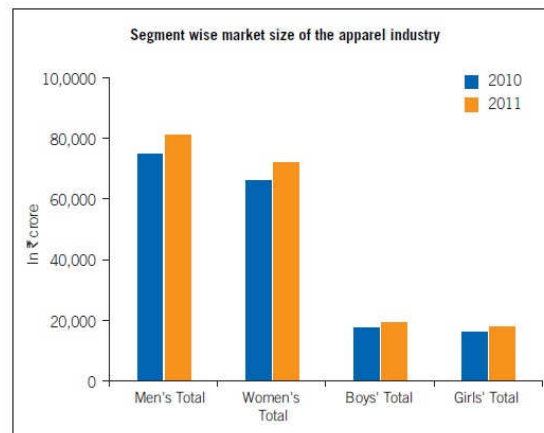
connection with India. In spite of these old links, the absolute base of consumers for fashion brands was small, and for them India was a relatively low potential market with low attractiveness and low probability of success prior to the eighties. As the economies in Europe and Asia grew, historical colonial linkages as well as modern culture vehicles such as movies carried images of what was in trend. Fashion brands were the most identifiable representation of what was in trend. A transition began in the eighties, as India moved emphasis from central planning and a restrictive economy to a more liberal business regime, and gradually brands and modern retailers started growing their presence. During this transition period, other than the notable exception of Bata, it was mainly Indian brands that were at the forefront of modernization of retail in India.

Urbanization rate is increasing and India has a huge population of young and fashion conscious shoppers who aspire and follow international lifestyles. Indians know that these international brands are famous for their quality, durability and style. These brands are popularly known for four important elements - quality, value for money, customer satisfaction and creativity. Indian customers are evolving every day and are more than ready to spend on these brands. The growth of India and its emerging potential is very obvious now especially as the economy is booming and there is a general positive sentiment towards global brands. The niche retailing is getting more popular day by day and it is a sure indicator of the newest trend catching up with the needs of Indians.

Apparel industry is primarily segmented under men's wear, women's wear, boy's wear and girl's wear. The largest market in the Indian apparel industry is of menswear followed by women's wear and boy's wear. Although, girl's wear is the smallest market but it is growing at the fastest rate of 11 per cent. The growth rate of menswear market is 8 per cent which is the least compared to other categories and women's wear and boy's wear is 9 and 10 per cent respectively.



Source: Technopak Analysis (All figures are rounded off)



Source: Technopak Analysis (All figures are rounded off)

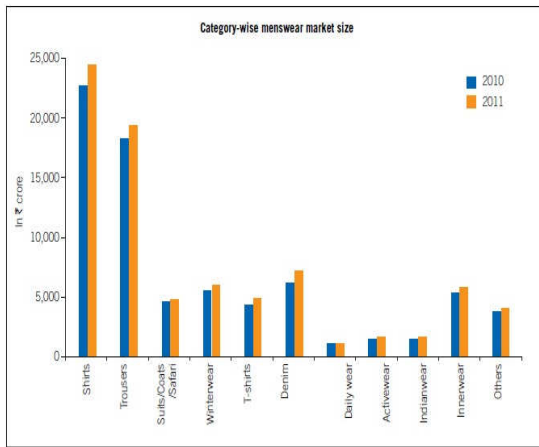
The Indian apparel market was strong enough to weather economic slowdown. Despite the increase in raw material prices and imposition of excise duty on branded garments, it demonstrated a 9 per cent growth in 2011, majorly driven by the growth in the average price of apparels. The domestic apparel market, currently, stands at an impressive figure of ₹1,90,300 crores and mainly constitutes of men's wear, women's wear and kid's wear (children less than 14 years of age).

Source : Business of Fashion Year Book 2012 (Volume IX. No. 1)

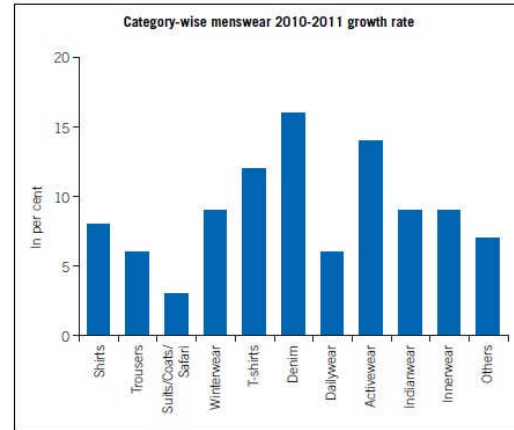
Menswear

Menswear constitutes 43 per cent of the total apparel market, which is estimated to be at ₹80,950 crores and grew by almost 8 per cent in 2011. Shirts and trousers form the major chunk of about 54 per cent in this segment. In 2011, denim wear demonstrated a growth rate of 16 per cent, which can be attributed to higher penetration of denim wear in tier I and tier II cities and in the rural areas. Also, the Indian market is witnessing a lifestyle change among urban dwellers as they are becoming more health and fitness conscious. Lifestyle changes, desire to live a healthy life, etc. are some of the key factors driving the growth of the active wear

market in the country. Brand awareness and penetration is the highest in this segment which is largely an after-effect of rising disposable income and high aspiration level of today's youth. The market size of menswear which was ₹74,810 crores in 2010 has increased upto ₹80,956 crores in 2011.



Source: Technopak Analysis (All figures are rounded off)



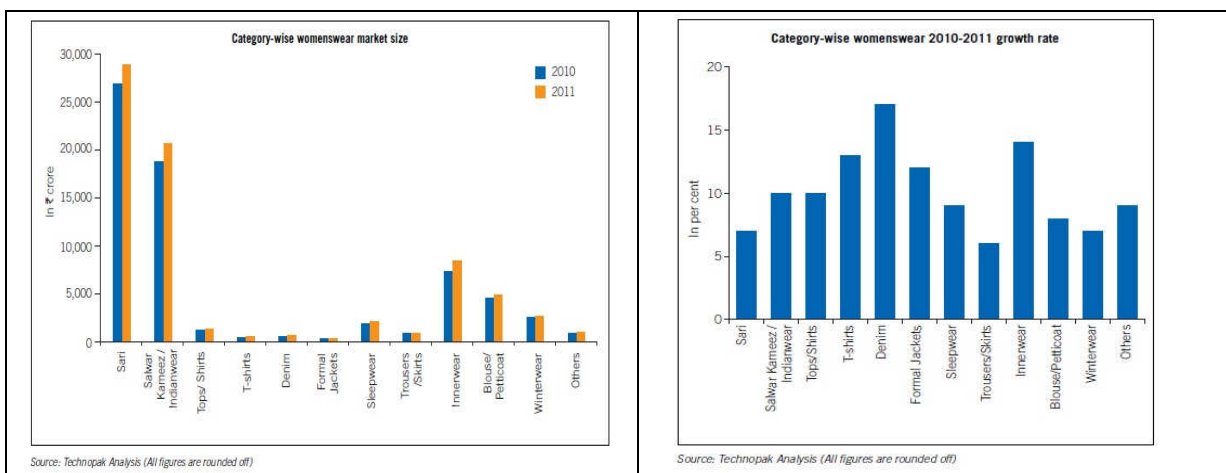
Source: Technopak Analysis (All figures are rounded off)

Source : Business of Fashion Year Book 2012 (Volume IX. No. 1)

Womenswear

Womenswear comprises of 38 per cent of the the total apparel market and is currently estimated to be at ₹72,050 crores. This segment took a huge leap in 2011 when it grew by almost 9 per cent. However, the womenswear segment in India is less organised than menswear. Women's Indianwear contributed to about 89 per cent of the Women's innerwear segment, which constitutes around 60 per cent of the market, has a growth rate and an average selling price higher than menswear. The premium branded innerwear segment is growing rapidly as the Indian woman is now looking for more than functional comfort in this segment.

The market size of the women's wear category in 2011 was ₹72,047 crores, which is ₹6,019 crores more than the year 2010. The year-on-year growth rate of the women's wear category is 9 per cent. In this category denim records the highest year-on-year growth rate of 17 per cent, followed by innerwear and t-shirts which is growing at the rate of 14 per cent and 13 per cent respectively.



Source: Technopak Analysis (All figures are rounded off)

Source: Technopak Analysis (All figures are rounded off)

Source : Business of Fashion Year Book 2012 (Volume IX. No. 1)

Boyswear

The total boyswear market in 2010 was ₹17,608 crores which has grown upto ₹19,430 crores in 2011. It has recorded 10 per cent of growth rate on y-o-y basis. The largest category in boyswear segment is shirts and t-shirts which constitutes ₹4,925 crore of the market. It has grown at the rate of 11 per cent from 2010. The second largest category is uniform and bottomwear for boys which accounts for ₹6,200 crores and ₹4,050 crores respectively. Both the categories have grown at the rate of 10 per cent on y-o-y basis. The fastest growing category in this segment is denim recording a growth rate of 15 per cent on y-o-y basis.

Girlswear

Currently, the overall girlswear market is ₹17,892 crores, it has grown at the rate of 11 per cent from ₹16,094 crores in 2010. The largest category is school uniform which constitutes ₹5,374 crores of market and has grown at the rate of 11 per cent on y-o-y basis. The second largest category is Indianwear which is ₹4,097 crores and has grown from ₹3,696 crores in 2010. And the third largest category in this segment is of dresses for girls which constitutes ₹2,788 crores of the total market and has grown at the rate of 11 per cent. Denimwear again is the fastest growing category in girlswear with a growth rate of 16 per cent on y-o-y basis followed by Indianwear and bottomwear.

Indian Intimate Wear Industry

India has immense growth potential for the intimate wear industry, which is evident from the entry of large international brands in the Indian market in the last few years. This market is considered to be the fastest developing sector of the fashion industry. The organized Indian innerwear market has almost doubled in the last five years. Key factors contributing to this are, growing income levels of Indians, the increased awareness about better fits, quality, brands, colors and their changing lifestyles which has restructured the category from just an intimate wear to a fashion clothing item, at least in the urban centres. This changed attitude is also because of changing dress codes and transformations in social mindset.

The intimate wear market in India can be classified into super-premium, premium, mid-market, economy and mass market segments. A major share of the intimate wear market is held by the mid-market and economy segments, in terms of both value and volume. Due to the advent of multinational brands in the Indian market and the growth of organized retail, the premium and super-premium segment of intimate wear industry are witnessing higher growth compared to mid or low or economy segments. In view of the current situation, the premium and super premium segments of the industry are advancing following a consumer shift from economy and mid-market segments to the premium segment, while the low and economy segment is gaining from the industry being more organized but between the hardy cotton bras that can almost pass off for a blouse to the variety of fantasy lingerie exists a world of innerwear that is reshaping what till now was called the foundation wear industry. New brands, new specialised segments, new customers - it's all coming together. And the key driver is the woman who has started regarding the 'foundation' garment as a fashion one.

Key Drivers of Intimate Wear Industry

Consumers' Aspirations

Over two-thirds of intimate wear products contain cotton, and consumers prefer to wear intimate wear made from cotton or cotton blends. The popularity of cotton intimate wear relates to consumers' perceptions of cotton as comfortable, soft and high-quality, which are also three of the top four factors that drive their intimate wear purchase decisions. There are several peculiarities of the market related to Indian mentality. The age factor has become a major segmentation orientation in recent years in intimate wear development, while various intimate wear categories ranging from personalized and fashion-oriented to functional are all separated from traditional intimate wear. Tier I cities are more keen on fashion-orientation and personalization; tier II cities follow still giving consideration to comfort and cost factors. There is a market of nightwear, leisurewear

and sportswear which also forms a part of the innerwear market. Women now are buying lingerie for the feel-good factor.

Nowadays, style is given vital importance in intimate wear purchases by the consumers. However, the importance of style differs greatly among segments of consumers. These differences could be related to the types of clothing consumers are wearing as intimate wear can affect both the appearance and performance of the garments worn over it. Brand is more important to consumers' intimate wear purchases than to their overall apparel purchases. Furthermore, brand becomes increasingly important with age — just the opposite of what is seen for apparel purchases in general. Consumers apparently rely on brands to signal that intimate wear will meet their requirements for the basics of comfort, fit and quality.

Expanding Point-of-Sales channels

Earlier most of the consumers used to buy their intimate wear at mass merchants, indicating concern about prices. In India the innerwear sale points are specialty stores, MBOs showcasing multiple brands and emerging EBOs. But the significant share of the market does not have well-defined structure which is expected to be well organized in near future. This is one of the uniqueness of intimate wear market in India. With the rapidly spreading mall culture, the Indian intimate wear market is all set to grow further in the future. With the popularity of intimate wear boutiques in shopping malls, the reticence shown in buying and trying intimate wear is now a thing of the past. Times are changing and the youth want lots of varieties, styles and colors in their wardrobes.

Innerwear as a category is in a transitional mode from the least important item in one's wardrobe to an item where the focus is not only on comfort but also on design, style, feel and fit. In India the maximum percentage of growth in the innerwear segment is being witnessed in the premium category.

Innovation

Innovation would be the biggest differentiating factor in catering to the international markets and the emerging diverse needs of various consumer groups. The increased usage of CAD and CAM systems has seen an increase in innovations with the entire process of pattern designing, grading and pattern alteration; quality cutting, sample making, productivity and lead time for production have also seen improvement as a result of embracing latest technologies.

Growing consumer class

Fashion is growing and as the average Indian youth shopper becomes more mature and imperial trends steer the shopper to the premium end of the clothing market. The demography of India has now totally shifted towards the young population and the purchasing potential and high aspirations of young population has been increasing.

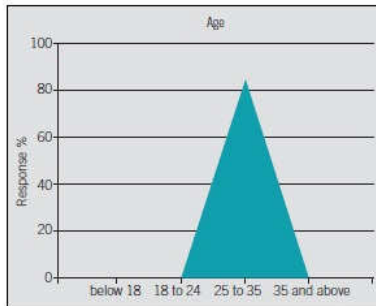
Growing Organized Retail

Confederation of Indian Industry (CII) estimates that further opening up of FDI in retail can increase the organised retail market size to ₹12,72,575 crores by 2020 when India would be teeming with stores of various luxury brands.

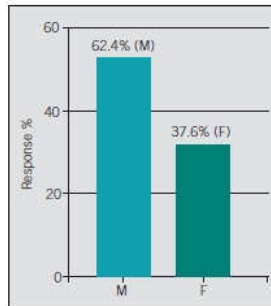
Other drivers fuelling the growth are rising disposable income levels, rise in number of working women, shift in spending pattern of consumers from basic necessity to lifestyle products, increasing fashion consciousness etc.

Factors influencing the choice of the consumers are durability, brand, price, look & feel and comforts in the intimate wear industry.

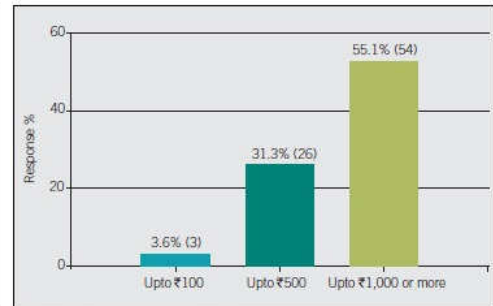
Consumer Preferences & Behaviour



Demographic Analysis: Age (graph 1)



Demographic Analysis: Gender (graph 2)



Spent on impulse purchase (graph 3)

Source: Business of Fashion Year Book 2012 (Volume IX. No. 1)

Challenges and Constraints for the Apparel Industry

The apparel industry is growing at a very high rate but still there are some barriers, which are hindering the growth of this industry. Though the demand for garments is increasing day by day but the production rate has still not been able to match with the ever increasing demand. More production facilities are needed to meet this increasing demand.

Government policies

The GOI has promoted a number of export promotion policies for the textile sector in the Union Budget and the foreign trade policy. The increase in the MSP on raw cotton has increased the input costs compared to the international competitors in the global market.

The industry needs to enhance its global competitiveness through optimization of economies of scale in manufacturing and supply chain. It is pertinent, therefore, to evolve a well-planned strategy, aimed at improvement in the levels of productivity, efficiency, quality control, product innovation, nimble response to changes in consumer preferences and the ability to move up in the value chain by building global brands with international resonance.

Availability of Retail Space

The single largest element of cost for retail brands is real estate. We are all aware that the availability of quality real estate is limited. Additionally, the costs are high, and sales per square foot unpredictable. High streets are limited; good malls few and far between. Choosing the right retail is absolutely critical to success. The ability to build and manage a multichannel distribution network is another important factor of success for brands that need wider reach and coverage.

Infrastructure Challenge

Roads, ports, electricity are some of the infrastructure challenges, which increase the operational cost of the retail chain. The power costs in India are very high compared to competing markets. Besides, erratic supply of power and water, unavailability of adequate road connectivity, inadequacies in port facilities and other infrastructure have been impacting the competitiveness of the Indian sector. There is stiff competition as countries such as China, Bangladesh and Vietnam are producing good quality products at low prices due to availability of cheap labour.

RETAIL SECTOR IN INDIA

India is one of the most desirable retail destinations in the world. India has emerged as the fifth most favourable destination for international retailers, outpacing UAE, Russia, Indonesia and Saudi Arabia. India remains a high potential market with an accelerated retail growth of 15-20 per cent expected over the next five years,"

highlighted the report. The FDI inflows in single-brand retail trading during April 2000 to September 2012 stood at US\$ 42.70 million, as per the latest data released by DIPP.

E-tailing

Retailers are using a mix of formats of which a relatively new but rapidly growing retail format is e-commerce, which offers consumers convenience, price benefits and the ability to shop 24 hours a day. Though nascent, India's online retail market is growing at double-digit rates and is likely to be the next format that retailers will incorporate into their array of channels.

As the world's 11th largest economy, India has started to appear on business organizations' lists of key international markets. The e-commerce revenues in India is expected to increase more than five times, from US\$ 1.6 billion in 2012 to US\$ 8.8 billion in 2016, as per a Forrester report titled 'Trends in India's eCommerce Market'. In 2011, venture capitalists invested US\$ 177 million in e-commerce in India.

Retail in Rural India

Rural chains in India are focusing on hinterlands in a big way. For many companies, a large portion of their revenues comes from rural sales. This fact is further making marketers focus their strategies according to customers in rural areas.

Government Initiatives

- The Indian retail sector accounts for 22 per cent of India's GDP and contributes to 8 per cent of the total employment. India continues to be among the most attractive investment propositions for global retailers.
- Till now FDI up to 100 per cent was allowed for cash and carry wholesale trading and export trading under the automatic route, and FDI up to 51 per cent was allowed in single-brand products, with prior government approvals. However, the government recently passed a cabinet note and permitted FDI up to 51 per cent in multi-brand retailing with prior government approval and 100 per cent in single brand retailing, thus further liberalizing the sector. This policy initiative is expected to provide further fillip to the growth of the sector.
- Opening up of FDI in retail and insurance sector may generate lacs of additional jobs in India, as per Mercer, a global human resource consultancy.

Road Ahead – Retail

The Indian retail sector is evolving rapidly and those who enter the market now can learn about local dynamics, develop market insights and establish leadership positions in this industry. Domestic and global retailers who have entered the Indian market are learning about consumer wants, preferences and needs.

Powered by strong internal demand, the country has displayed robust growth which is likely to be sustained in the coming years R&D, innovation and new product development are emerging as key drivers of success. As part of this effort, product localization has emerged as a driver of sales, customer excitement, customer interest, etc.

Source: www.ibef.org

OUR BUSINESS

The following summary is qualified in its entirety by, and should be read in conjunction with, more detailed information of our financial statements appearing in the chapter titled “Restated Financial Statements” on page no. 130 of this Draft Prospectus along with the risks discussed under the section titled “Risk Factors” on page no. 13 of this Draft Prospectus.

Unless otherwise stated, the Financial Information of our Company used in this chapter is derived from our audited financial statements prepared under Indian GAAP and the Companies Act, and restated pursuant to the SEBI (ICDR) Regulations.

Ashapura Intimates Fashion Limited was incorporated on July 17, 2006 under the Companies Act in the state of Maharashtra as “Ashapura Apparels Private Limited” and received a certificate of incorporation bearing CIN: U17299MH2006PLC163133 from RoC. Subsequently, pursuant to a special resolution passed by the shareholders at an EGM held on October 18, 2012, the name of the Company was changed to Ashapura Intimates Fashion Private Limited and a fresh certificate of incorporation consequent on change of name was issued by RoC on November 9, 2012. Further, pursuant to a special resolution passed by our shareholders at an EGM held on December 1, 2012 our Company was converted into a public limited company and a fresh certificate of incorporation consequent on the conversion under the Companies Act on December 19, 2012 was obtained from RoC.

Our Company is in the business of designing, branding, marketing and retailing intimate garments such as loungewear, bridal night wear, honeymoon sets, bathrobes and night wear since incorporation. We expanded our product portfolio by adding other intimate garments such as sportswear, women’s innerwear including lingerie in the year 2011 which in our opinion are fast growing segments with growth opportunities.

Our Company is a marketing and distribution centric organization with focus on creating branded product portfolio. Our Company’s proficiency lies in understanding the prevailing trends in all the products which we market in addition to the buying preferences of our consumers and accordingly manufacture quality garments to assure them of product quality, comfort and fit uniformity. Further, our experience also lies in identifying the gaps and foraying into the untapped market of intimate garment segments with distinct products.

Our products such as loungewear, bridal night wear, honeymoon sets and bathrobes under the brands “Valentine” and “N-Line” are available through our large network of distributors to our customers in India as well as other countries. Our products are well received especially in MENA region. Our products such as such as night wear, maternity feeding night wear and bridal night wear (two pieces) are marketed under the brand “Night & Day”. Further in the year of 2011, we started marketing and distribution of sportswear, women’s innerwear and lingerie’s under the brands “Valentine Sportswear”, “Valentine Secret Skin” & “Valentine Pink” respectively by leveraging our existing network.

In order to remain updated on consumer tastes and fashion trends, our Company has set up an in house design studio for developing products and creating styles. We have been developing a distinct marketing strategy for our products being sold through various brands. We advertise in print media, as well as market directly to consumers through hoarding, event sponsorships, special event advertisements and advertisements in newspaper and selected periodicals / magazines. Our proposed plan is to market these brands through advertisements on national as well as regional television channels through media agency/ies. Brand building of our products through these channels will primarily be based on comfort, feel, fit and quality.

Our Company has three EBOs and we plan to open ten more EBOs for marketing and retailing of our products. We propose to obtain on lease the required space for above EBOs at various locations in Mumbai, Navi Mumbai & Thane region. These EBOs will be company owned and franchisee operated unlike the existing three which are franchisee owned and franchisee operated. We have chosen this model to concentrate more on branding, consumer preference and quality of the products in order to be independent from the competitive margin pressures which are attributable to national chain stores, MBOs and other intermediaries.

Our Company measures success in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of our 40 (forty) staff members and is consciously upheld by our network comprising of, 75 (seventy-five) distributors including an overseas distributor and 10 (ten) C&F agents and various MBOs such as Vijay Store Private Limited, Big Life by JDS Apparels Private Limited, Chunmun by Chunmun Stores Private Limited, La Lingerie by S&D Fashions, etc. operating in different regions of India. Besides these MBOs mentioned above, we also retail through our online platform title “www.valentineloungegroup.com”. Furthermore, we have expanded our presence into retailing through e-commerce by entering into agreements with online vendors such as indiaplaza.com and snapdeal.com

Our Company is based in Mumbai and its Registered Office is located at Unit No. 3-4, Pacific Plaza, Off Bhawani Shankar Road, Mahim TPS IV, Plot No. 570, Dadar (West), Mumbai – 400 028. We have a centralized warehousing facility located at Gala No. 101 to 115, Building No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421 302, Maharashtra, India.

In addition, Our Company also owns Gala No. 201 to 211, Building No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421 302, Maharashtra, India which we have given on leave and license basis to MAPL who are using these premises as their manufacturing base to make products exclusively for us as per the terms of the exclusive manufacturing agreement dated January 23, 2013.

The properties situated at Bhiwandi are 50 km to the north-east of Mumbai and 15 km to the north-east of Thane city. Apart from being well connected with the national highways to Ahmedabad, Nashik and Ratnagiri, the properties in Bhiwandi are situated beyond Municipal Corporation Limits.

Our Company procures non-branded intimate garments i.e. our products from various vendors including MAPL. Since labeling and final packaging is done by our Company, we come under excise obligation. Therefore we could be considered as a manufacturing entity in terms of the Excise Act and Factories Act.

For the year ended March 31, 2012, we had net sales of ₹10,146.74 Lacs and net profit after tax of ₹ 341.42 Lacs, as compared to net sales of ₹ 5,051.38 Lacs and net profit after tax of ₹ 139.74 Lacs for the year ended March 31, 2011.

Our net sales have grown at a CAGR of 131.59% from ₹ 352.71 Lacs for the year ended March 31, 2008 to ₹10,146.74 Lacs (excluding extraordinary items) for the year ended March 31, 2012. Our PAT has grown at a CAGR of 160.26% from ₹ 7.44 Lacs for the year ended March 31, 2008 to ₹ 341.42 Lacs (excluding extraordinary items) for the year ended March 31, 2012.

Our Company has entered into machineries lease agreement with MAPL on January 31, 2013. Our Company proposes to fund the modernization of machineries out of the Issue Proceeds which it further proposes to give on lease basis to MAPL. Following are the salient features of the said agreement:

1. MAPL shall pay to our Company the rent of (i) ₹ 79,344/- (Rupees Seventy Nine Thousand Three Hundred Forty Four only) per month for the lease of the machineries; and (ii) ₹ 5,000/- (Rupees Five Thousand only) per month for the hire of DG-Set. The agreement is executed for the period of 60 (sixty) months starting from January 2013.
2. MAPL to maintain, clean, service, repair, modify, inspect, test and overhaul the machineries and each part thereof so as to keep the machineries and each part thereof in a good operating condition when delivered by our Company and validate in all respects, all in accordance with applicable good manufacturing practices and regulations of the applicable governmental authority, in such operating condition as meets our company's standards and is necessary to maintain all warranties and indemnities of the machineries.
3. MAPL to maintain all records, logs and other materials required by any law or required or recommended by our company to be upheld in respect of the machineries.

4. MAPL to promptly replace all parts which may from time to time be installed in or attached to the machineries and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever.
5. MAPL will not sell or offer to sell or otherwise transfer or dispose or grant or suffer the imposition of a charge, floating charge, lien, mortgage, pledge, sub-lease, security interest or other encumbrance upon the machineries or use any portion thereof in any manner inconsistent with this agreement or with the terms and conditions of any policy of insurance thereon.
6. MAPL shall obtain and keep effective all permissions, licenses and permits and pay all rates, rents, taxes and charges which may from time to time be required in connection with their business.
7. AIFL shall at its own cost and expense, obtain and maintain in full force and effect one or more insurance on the machineries throughout the term for their full replacement value against all risks on a comprehensive policy without restriction or access.
8. MAPL shall not use the machineries for any other purpose other than that which is specified in the said agreement.
9. AIFL shall take insurance on the machineries as the lessor and the lessee (MAPL) as joint assureds against all liability to third persons for death personal injury and damage to or loss of property arising directly or indirectly out of the use possession or operation of the Machineries or modification or re-enactment of it for such amount as is prudent in all the circumstance.

For further details on machineries proposed to be acquired by our Company, please refer to the chapter titled “Objects of the Issue” chapter on page no. 53 of this Draft Prospectus.

Further, our Company has also entered into an exclusive manufacturing agreement with MAPL on January 23, 2013. Following are the salient features of the said agreement:

1. AIFL appoints MAPL for manufacturing at their premises exclusively for AIFL and to further supply to AIFL such quantities of the product which conforms to the specifications and technical information provided by AIFL.
2. It is agreed that MAPL will always supply non-branded products to AIFL.
3. MAPL shall be responsible for obtaining all active ingredients and other materials that may be required for the manufacture of the product in accordance with the specifications, including packaging materials and product leaflets, if any.
4. MAPL shall ensure that all such ingredients and other materials comply with specifications supplied or approved by AIFL and with any requirements prescribed by the registration authorities as may be notified by AIFL to MAPL from time to time. No changes shall be made to such specifications without the prior written consent of AIFL.
5. MAPL shall procure all ingredients from the suppliers designated by AIFL, or if AIFL does not designate a specific supplier, then from the suppliers approved by AIFL in advance in writing. MAPL shall not change or appoint any other supplier without the previous written approval of AIFL.
6. MAPL shall be responsible for ensuring the quality of all products manufactured for AIFL under this said agreement and shall carry out appropriate quality control procedures approved by AIFL.
7. AIFL shall furnish MAPL with a written 12 (twelve) months non-binding rolling forecast (to be updated quarterly) with 3 (three) months firm orders of its requirements for each Product.

Our Competitive Strengths:

- ***Experienced and competent management team***

Our Company is managed by a team of experienced professionals exclusively focused on different aspects of our business operations including design, merchandising and branding. It allows us to deliver end to end solution and effectively addressing customer product requirements. Our Promoter and Management have over two decades of experience in the intimate garment industry. Our Company's human resource practices revolve around a commitment to create an organisation that nurtures talent in order to motivate and empowers its work force.

- ***Brand Equity***

Our Company's brands viz. Valentine, N-Line, Night & Day, Valentine Sports, Valentine Secret Skin and Valentine Pink are well renowned in their respective product categories. Our Company enjoys early mover advantage especially in intimate garments such as loungewear, bridal night wear and honeymoon sets as there are not many organised domestic players in this segment. All our brands are well received by our customers. We believe that fashion and style statements are not restricted to high income segment and there is an untapped market in the middle income segment wherein the consumers are far more discerning, brand conscious and has aspirations. Our brands mentioned above have been able to address the demands of consumers. Our brands positioning at the middle income segment helps us to achieve brand recall among our consumers which strengthens our brand equity.

- ***Design expertise, with a pulse on fashion***

We have a team of designers who are supported by efficient staff, including assistant designers, technical designers and merchandisers. We have specialized design teams for each of our product categories, ensuring that each of our design teams has specialized skill sets. We design our products range keeping in mind our target consumers as well as latest fashion trends in terms of fashion, fabric, wearability, stitch, embellishments and also pricing. Our marketing and distribution team who are abreast of the latest fashion developments combined with the creativity of our professionally qualified designers enables our Company to create a distinct style statement.

- ***Understanding the consumer***

Understanding the consumer preferences is one of the most important skills required to be successful in the intimate garments business. Our Promoter has about sixteen years of experience in this industry. We believe this helps us in understanding the consumer psyche and predicting future trends better. We attempt to be trend setter in the lounge wear segment.

- ***Integrated product portfolio***

Our Company has integrated product portfolio encompassing women, men, couples, teenagers, kids and toddlers, with wide range of product offerings and variety of product lines. As mentioned above, our product portfolio consist of loungewear, bridal night wear, honeymoon sets, bathrobes, night wear, maternity feeding night wear, bridal night wear (two pieces), sportswear, gym wear, yoga wear, slip, camisole, night slips, leggings, cycling shorts, lingerie, corsets and bra and panty sets.

Our Strategy

Investment in equity shares of MAPL and strengthening the manufacturing infrastructure

Our Company proposes to acquire majority stake in MAPL who manufactures bulk of our products. This acquisition will allow us to be an integrated player across the value chain from raw material procurement to branding and retailing of our products. This in turn will enable our Company to meet the timely delivery and quantity requirement of the customers. We believe that by virtue of acquiring majority stake in MAPL, our Company will achieve economies of scales by backward integration. We propose to buy machineries out of the Issue Proceeds which propose to lease to MAPL in order to strengthen our manufacturing capacity.

Expanding retail presence

We propose to expand our retail presence in Mumbai, Navi Mumbai and Thane by setting up a chain of 10 (ten) EBOs and moreover we are also negotiating with reputed e-commerce vendors. We plan to set up our EBOs at strategic locations selected based on important factors on density of population, location, preferences of residents and other demographics. We will also increase our customer reach by partnering with the regional chain stores, MBOs and other intermediaries.

Diversify geographically into new locations and penetrate the domestic market

We propose to expand our international presence by marketing our products to markets in Africa and the European Union. Further, we also intend to strengthen and consolidate our current position in the domestic market by setting up branch offices in various zones in India which will cater to a wider customer base through quick response to customer requirements. We propose to segment the domestic market into zones with each zone having business development managers with well demarcated territories. We plan to consolidate our presence across all regions in India by capitalizing our existing relationships with customers and by offering them quality products that are in line with latest fashion trends.

Step up the Brand Building efforts and product innovation

Out of the Issue Proceeds, we propose to invest in the development and enhancement of our brand image, through brand building efforts, communication and promotional initiatives such as advertising through print media, hoardings and TV channels by appointing a communication agency/ies. We intend to make this a continuous exercise which would enhance the image of our brands which may result in increased sales and profitability. Each of our brands is uniquely positioned to cater to different consumer segments. Collectively, our brands cater to various age groups. We also aim to carry forward the culture of offering innovative products to our consumers. Our Company intends to foray into kids' innerwear with cartoon characters which is a new product category.

Our Products and Brands

Brands	Product	Brief Description
Valentine  valentine®	Loungewear for men, women, teenagers and toddlers.	“Valentine” is our premium category brand. The products are available in vibrant styles and in fabrics such as viscose, knits, woven, satin, georgette, stretched, lycra-net, terry material etc.
	Bridal night wear and honeymoon sets	
	Bathrobes for men and women	
N- Line  N-Line™ <small>NINE TO NEXT NINE</small>	Loungewear for men, women, teenagers and toddlers.	Comfort wear garments made from knits and cotton fabrics for daily wear. This is our mid-market brand.
	Bridal night wear and honeymoon sets	
	Bathrobes for men and women	
Night & Day  N&D <small>NIGHT & DAY® Traditional Nighties For Women of Today</small>	Night wear	“Night & Day” is our premium category brand and it specializes in comfort fit products for women. The products are available in fabrics such as woven, viscose, knits, satin, georgette, stretched etc.
	Maternity feeding night wear Bridal (two pieces)	
Valentine Sports  valentine® SPORTS	Sportswear and gym wear / yoga wear for both men and women	Comfort wear garments for exercising and yoga. The products are available in fabrics such as cotton-lycra, looper-lycra, cotton-fleece, polyester, etc.
Valentine Secret Skin  valentine® Secret skin	Slip / Camisole / Night Slips	These comfort fit products are made from fabrics such as cotton-lycra, lycra-rib, interlock, modal, viscose, etc.
	Leggings	
	Cycling shorts	
Valentine Pink  valentine® LINGERIE pink	Lingerie	The products in this category are made from fabric such as cotton-lycra, nylon, stretched net, laces, knits with elastics and other accessories.
	Bra and Panty sets	
	Corsets	

Export obligation

As on the date of this Draft Prospectus, our Company does not have any export obligations.

Manufacturing

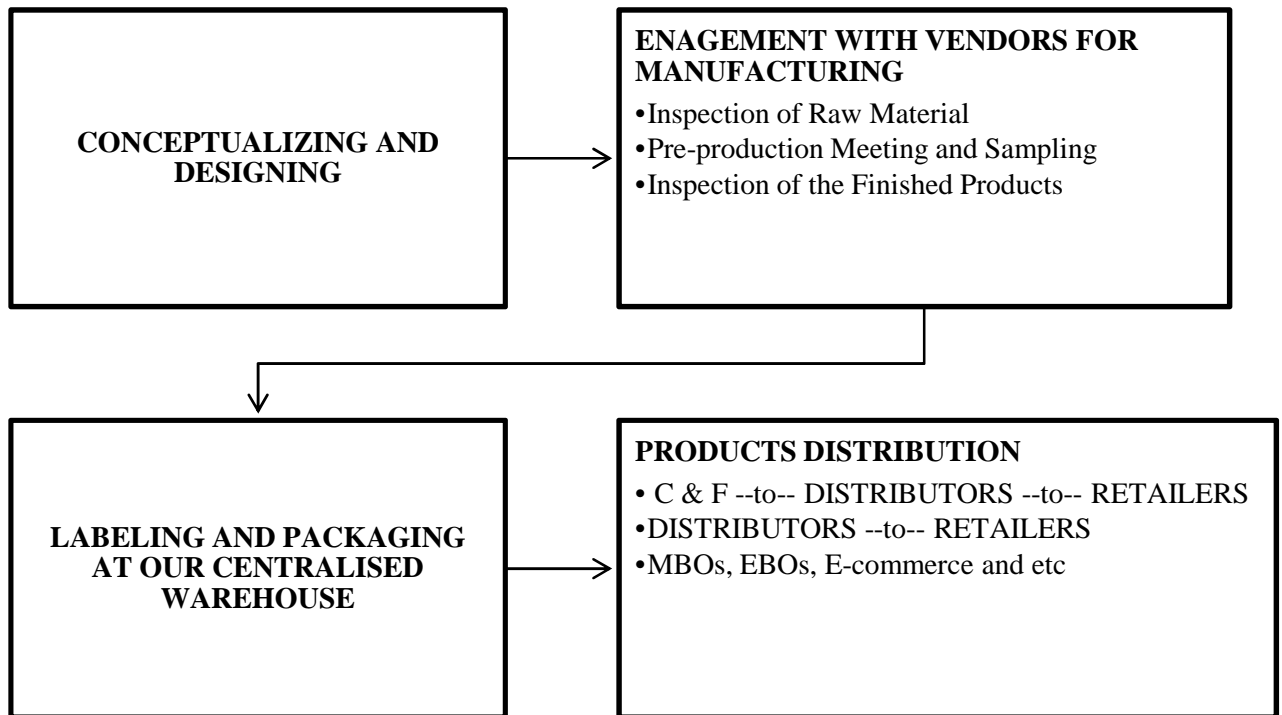
Our Company procures non-branded intimate garments i.e. our products from vendors including MAPL. MAPL and other vendors manufacture our products based on designs and specifications provided by our Company. Our Company owns Gala No. 201 to 211, Building No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421 302, Maharashtra, India which we have given on leave and license basis to MAPL who are using these premises as their manufacturing base to make products exclusively for us as per the terms of the exclusive manufacturing agreement dated January 23, 2013. Following is the list of machineries which are owned by our Company:

Sl. No.	Description / Name of Machinery	Unit (in No.)
1.	Weighing Machines	3
2.	Buttons Hand Machine	2
3.	Kaze Button Machine	1
4.	Arka Machine	2
5.	Beams Machine	1
6.	Cutting Machine	5
7.	Washing Machine	1
8.	Hand Embroidery Machines	2
9.	Singer Machines	60
10.	Over lock Machines	32
11.	Flat Lock Machines	18
12.	Kansai Machines	2
13.	Stamping Machine	1
14.	Thread Cutting Machine	4
15.	Steam Press	10
16.	Water Cooler	1
17.	Fridge	2
18.	Computers	38
19.	Printer	8
20.	Barcode Printer	2
21.	Barcode Scanner	2
22.	Paper Scanner	3
23.	Air Conditioners	16
24.	CAD Machine	1

In relation to the machineries mentioned from Sl. No. 1 to 15, our Company has entered into a machineries lease agreement dated January 31, 2013 with MAPL.

Manufacturing and Retailing Process

A systematic flowchart of the manufacturing and retailing process of our products is as follows:



1. Conceptualizing and Design

Our design studio is central to the development of our various brands and has established itself as a market savvy and quality conscious unit. Drawn from some of the best design schools in the country, the team comprises of young, energetic and creative individuals.

Our production process flow commences with the conceptualization of the trends, range, choice of fabric, color, designing pattern, look and feel of the product and other details. Based on this, relevant fashion trends are forecasted to draw an inspiration for various product lines. This exercise is carried out before the actual season commences particularly in the case of loungewear products. Fabrics are designed, embellishments and styling are planned to create collections based on the inspirations and the samples are prepared. Once the samples are approved by the marketing team, the product in terms of its quantities, prices, designs and other parameters are finalized.

Thereafter, as a marketing practice, our Company creates a fashion catalogues and the same is marketed with the direct sales agents and distributors to capture their response. Simultaneously, the orders are placed with our manufacturers and vendors according to the demand.

2. Engagement with vendors for manufacturing

We have entered into an exclusive manufacturing agreement dated January 23, 2013 with MAPL and established an arrangement with other vendors for manufacturing of our products. MAPL and other vendors manufacture our products based on designs and specifications provided by our Company subject to stringent quality control measure as defined by our quality assurance and control team. In line with the manufacturing process laid down by us, a product sample is produced according to the specifications provided by our Company. The first production report is prepared on the basis of this sample. All apparent and intricate corrections are made in the product sample so as to make it free from errors. Accordingly, a detailed production schedule is devised.

a. Inspection of Raw Material:

As per the production schedule the raw materials and accessories are procured by MAPL and other vendors from various sources but before finalization process we analyze the quality, durability, cost etc. of the raw materials. The raw materials are subjected to stringent inspection process i.e., shrinkage test and washing test by our quality assurance and control team.

b. Pre production meeting and sampling:

A pre production meeting is conducted by our Company with the vendors and manufacturers before commencing any bulk production and the same is done in the presence of our quality assurance and control team. After this the vendors and manufacturers makes the size samples based on the original sample. If the measurements of this size set are correct after wash then the factory is given a green signal by the quality assurance and control team to go ahead with the bulk production.

c. Inspection of the Finished Products

Our Company attaches utmost importance to the quality of our final product. Hence it is ensured that each garment is individually checked and ensured that it is free from any defects. It is ensured that every piece which is manufactured is as per the required quality standards. Our quality assurance and control team is responsible for ensuring that all finished goods are free from defects and are manufactured as per the specified measurements. Any product having variation beyond acceptable limits is rejected. Finishing of products involves removal of loose and unwanted threads, proper and customized ironing. The quality assurance and control team carries out frequent checks on the process and product specifications. The finished products are stacked in cartons and are sent to the central warehouse facility for labeling, packaging and insert cards.

3. Labeling and final packaging at our centralised warehouse facility

Labeling is done according to the brands to each of our products and as per the specifications provided by the merchandising team in our centralized warehouse facility. Our Company differentiates the packaging of its products by inserting a card containing photographs depicting the look of the products. Care is taken to make the packaging attractive and it also protects the products from damage. The finished products after labeling are packed into cartons and stored in our central warehouse for further distribution to the customers, C&F agents, distributors and e-commerce platforms.

4. Distribution and marketing process

The work is given to our dispatch team, to ensure that products flow directly to the customers from the centralized warehouse facility in a timely and cost efficient manner which is depicted in the flowchart above describing the manufacturing and retail process. The responsibility of the dispatch team includes inventory management and supply chain management. Periodic reporting at registered office and co-ordination by dispatch team with other departments is maintained to ensure smooth and uninterrupted distribution flows.

Further, our custom designed computer application permits better control of inventory thereby lowering inventory holding costs. The products sold to customers goes through the centralized warehousing facility. We deal with carriers whose services are utilised to deliver our products to customers. However, we do not have any formal agreement with any of these carriers. Our distributors cater to over approximately 7,000 retail outlets spread across India. Besides these, our Company also caters directly to some of the retailers including e-commerce platforms and an overseas distributor.

Raw Materials

Our Company procures raw materials such as fabric, accessories, embellishments, etc. on its own for the products depending on the fashion trends and season. We also provide specifications for fabrics, accessories, etc. to be used in the manufacturing process to the vendors who supply products. These vendors procure such raw materials required from domestic market and they may source it from international markets.

Collaborations

The Company has so far not entered into any technical or financial collaboration agreements.

Existing Utilities

Power

In the centralized warehousing facility owned by our Company at Bhiwandi, the sanctioned load by Torrent Power Limited is 74 HP against which the present minimum usage is of 28 KVA (38 HP approx.). As a backup, our Company have one DG set (generator) of 250 KVA (335 HP approx.).

Water

In the centralized warehousing facility owned by our Company at Bhiwandi, we have a regular supply of water from grampanchayat. Further, our Company also have 1 (one) bore well to meet our water requirements and it is used only for domestic purposes for our employees.

Fuel

In the centralized warehousing facility owned by our Company at Bhiwandi, we use diesel for the DG set (generator), which are used as standby arrangement for power. At present we have one generator with load capacity of 250 KVA (335 HP approx.). The present usage of diesel is 5,016 liters approximately p.a. for the DG set (generator). Also, the same is utilized by MAPL wherein expenses are borne by them according to usage.

Marketing Arrangement

- Our Company hires services of independent professionals who are representatives of our Company. These representatives then contact distributors on regular basis which could be monthly, bi monthly, weekly depending upon the product category. Our Company pays commission to these individuals for the orders they bring in.
- Our Company also promotes its brands through various hoarding, event sponsorships, special event advertisements and advertising in selected periodicals or magazines.

Competition:

We believe that we do not face any competition from any single manufacturer or retailer due to our integrated product portfolio. However there are many manufacturers who produce some of the products that we have. Moreover in Indian intimate garment sector, there are very few organized players. Some of the various organized players are Lovable Lingerie Limited, Page Industries Limited, Rupa & Company Limited, Gokaldas Intimatewear Private Limited etc. The intimate wear industry is highly fragmented with lot of un-organised players operating in this industry. Our Company has highly experienced promoter and strong customer network and is in a position to sustain the competition in the respective product category.

Quality Assurance and Control

We endeavour to maintain a quality system, which provides products in a timely manner and at competitive prices to customers by meeting their specified and implied needs. We also commit to continually improve the quality of our products. Moreover, our products are generally inspected, tested and certified for quality by our in-house team.

Human Resources

The total number of employees on the payroll of our Company as on December 31, 2012 was 40. The following table illustrates the department wise break up of our employees:

Sl. No.	Department	No. of employees
1.	Management	3
2.	Sales and Marketing	5
3.	HRD and Administration	1
4.	Finance and Accounts	5
5.	Designing	7
6.	Quality Assurance and Control	10
7.	Warehouse, Maintenance and Dispatch	8
8.	Others	1
	TOTAL	40

Insurance

The following are the details of the general insurance policies obtained by our Company.

Sl. No.	Policy No.	Name of Insured	Name of the insurer	Description	Property Insured	Expiry Date	Sum Insured (₹)	Premium (₹)
1.	2012-F005758 5-FIR	Ashapura Intimates Fashion Limited	Future Generali India Insurance Company Limited	Standard Fire and Special Perils Insurance Policy Schedule	Gala No. 101 to 109 1 st floor, Gala No. 10 & 11 ground floor, building no. D/6, Harihar Corp, Near Indian Oil, Thane – 421 302, Maharashtra	June 18, 2013	33,51,00,000	8,86,316.53
2.	2012-B001446 8-FBG	Ashapura Intimates Fashion Limited	Future Generali India Insurance Company Limited	Burglary (Housebreaking) Insurance Policy Schedule	Gala No. 101 to 109 1 st floor, Gala No. 10 & 11 ground floor, building no. D/6, Harihar Corp, Near Indian Oil, Thane – 421 302, Maharashtra	June 18, 2013	31,71,00,000	2,56,532
3.	2012-C040512 6-MLO-E001	Ashapura Intimates Fashion Limited	Future Generali India Insurance Company Limited	Marine Cargo Open Policy - Inland	Gala No. 101 to 109 1 st floor, Gala No. 10 & 11 ground floor, building no. D/6, Harihar Corp, Near Indian Oil, Thane – 421 302, Maharashtra	June 16, 2013	10,00,00,000	1,34,832.50
4.	2012-M01039 89 FSS	Ashapura Intimates Fashion Limited Mr. Harshad H. Thakkar	Future Generali India Insurance Company Limited	Business Suraksha For Shopkeepers	Unit No. 2, 3 & 4, Pacific Plaza, Plot No. 570, Off Bhawani Shankar Road, Mahim TDS IV, Dadar (W); Mumbai – 400 028	May 15, 2013	1,92,60,000	21507.65
5.	2013-FOO783 8	Ashapura Intimates Fashion Limited	Future Generali India Insurance	Standard Fire and Special Perils Insurance Policy Schedule	Unit No. 301-304, Pacific Plaza, Plot No. 570, Off Bhawani Shankar Road, Mahim	January 21, 2014	32,50,000	1235.50

			Company Limited		TDS IV, Dadar (W); Mumbai – 400 028			
6.	2013-F008053 1-FIR	Ashapura Intimates Fashion Limited	Future Generali India Insurance Company Limited	Standard Fire and Special Perils Insurance Policy Schedule	1)Gala No. 107, 201 to 211, Bldg No.D/5, Harihar Corporation, Mankoli Naka, Thane-Nasik Road, Dapoda, Bhiwandi Thane- 421302. 2) Gala No.110 & 111, Bldg No. D/6, Harihar Corporation, Thane-Nasik Road, Dapoda, Bhiwandi, Thane- 421302.	February 15, 2014	2,54,00,000	38,529

Intellectual Property

1. Mr. Harshad H. Thakkar has obtained the registration of the trademark “Valentine” under Class 25 of the Trademarks Act, 1999 and following are the details:

Sl. No.	Name of the Trademark	Class No.	Application Number	Date of the Application	Status of the Application	Date of Registration
1.	Valentine*	Class 25	1220489	August 5, 2003	Registered	July 18, 2006

* Our Promoter has assigned the trademark in favour of our Company through the agreement for sale of his proprietary business on October 22, 2007. Consequently, our Company has made an application for assigning the trademark and the same is under process. For further details, please see the section titled “*Risk Factors*” on page no. 13 of this Draft Prospectus.

2. Our Company has applied for the registration of the following trademarks:

Sl. No.	Name of the Trademark	Class No.	Application Number	Date of the Application	Status of the Application
1.	Valentine Pink	Class 25	2120912	March 24, 2011	Object to by the Trademark Registry
2.	N-Line	Class 24	2257093	December 27, 2011	Pending
3.	N-Line	Class 25	2257094	December 27, 2011	Pending
4.	N-Line	Class 24	2257095	December 27, 2011	Pending
5.	Valentine	Class 24	2257096	December 27, 2011	Objected to by the Trademark registry
6.	Valentine	Class 35	2257097	December 27, 2011	Pending
7.	Valentine Sports	Class 24,	2257090	December 27, 2011	Pending
8.	Valentine Sports	Class 25	2257091	December 27, 2011	Pending
9.	Valentine Sports	Class 35	2257092	December 27, 2011	Pending
10.	Valentine Pink Lingerie	Class 24	2443462	December 17, 2012	Pending
11.	Valentine Pink Lingerie	Class 35	2443463	December 17, 2012	Pending

Source: www.ipindia.nic.in

3. Mr. Dinesh C. Sodha, one of our Whole Time Directors had applied for the registration of the following trademark which is being used by our Company:

Sl. No.	Name of the Trademark	Class No.	Application No.	Date of the Application	Status of the Application
1.	Night & Day*	Class 25	1851839	August 18, 2009	Object to by the Trademark Registry

Source: www.ipindia.nic.in

* Mr. Dinesh C. Sodha has applied for registration of trademark. Further, he has agreed to assign the trademark to our Company. For further details, please see the section titled “*Risk Factors*” on page no. 13 of this Draft Prospectus.

Property

Properties owned by our company

The brief details of the properties owned by us for our corporate and operational purposes are set out below and we have also given details of certain properties which are given on leave & license to MAPL for companies’ business operations:

Sl. No.	Seller / Transferor	Date of Execution	Description	Area	Usage
1.	Harihar Corporation	November 15, 2007	Gala No. 101 To 109, Building No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421 302, Maharashtra	24,750 Sq. ft.	Centralised Warehouse Facility
2.	Krishna Construction	July 29, 2011	Gala No. 201 To 209, Building No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421 302, Maharashtra	24,750 Sq. ft.	Provided to MAPL on leave & license basis #
3.	Krishna Construction & Mohan S. Patil	April 18, 2011	Gala No. 107, Building No. D-5, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421 302, Maharashtra	2,700 Sq. ft.	Canteen Facility

Sl. No.	Seller / Transferor	Date of Execution	Description	Area	Usage
4.	Kishori R. Joshi	September 5, 2012	Gala No. 110, Building No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421 302, Maharashtra	2,701 Sq. ft.	Centralised Warehouse Facility
5.	Rajesh V. Joshi	September 5, 2012	Gala No. 111, Building No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421 302, Maharashtra	2,550 Sq. ft.	Centralised Warehouse Facility
6.	Construction Agreement Between Krishna Construction	July 30, 2011	Gala No. 210 & 211, Building No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421 302, Maharashtra	5,400 Sq. ft.	Provided to MAPL on leave & license basis #
7.	Sagar Chemicals	September 21, 2010	Unit No. 4, Pacific Plaza, Off B.S. Road, Mahim TPS IV, Plot No. 570, Dadar (West), Mumbai – 400 028, Maharashtra	216 Sq. ft.	Registered Office
8.	Paresh Shashikant Shah	September 21, 2010	Unit No. 3, Pacific Plaza, Off B.S. Road, Mahim TPS IV, Plot No. 570, Dadar (West), Mumbai – 400 028, Maharashtra	212.50 Sq. ft.	Registered Office
9.	R. K. Creative Designer Private Limited	November 16, 2012	Unit No. 301, Pacific Plaza, Off B.S. Road, Mahim TPS IV, Plot No. 570, Dadar (West), Mumbai – 400 028, Maharashtra	305 Sq. ft.	Vacant
10.	R. K. Creative Designer Private Limited	November 16, 2012	Unit No. 302, Pacific Plaza, Off B.S. Road, Mahim TPS IV, Plot No. 570, Dadar (West), Mumbai – 400 028, Maharashtra	305 Sq. ft.	Vacant

Sl. No.	Seller / Transferor	Date of Execution	Description	Area	Usage
11.	R. K. Creative Designer Private Limited	November 16, 2012	Unit No. 303, Pacific Plaza, Off B.S. Road, Mahim TPS IV, Plot No. 570, Dadar (West), Mumbai – 400 028, Maharashtra	305 Sq. ft.	Vacant
12.	R. K. Creative Designer Private Limited	November 16, 2012	Unit No. 304, Pacific Plaza, Off B.S. Road, Mahim TPS IV, Plot No. 570, Dadar (West), Mumbai – 400 028, Maharashtra	478 Sq. ft.	Vacant

These properties are given on leave and license basis to MAPL for the period of 60 months commencing on September 1, 2012 and the total consideration for the same is ₹90, 750 per month.

Properties taken on leave & license basis by Our Company:

Sl. No.	Owner	Property Description	Date of agreement and term	Area	Rent	Usage
1.	Mr. Harshad Thakkar	Unit No. 2, Pacific Plaza, Off B.S. Road, Mahim TPS IV, Plot No. 570, Dadar (West), Mumbai – 400 028, Maharashtra	September 17, 2012 33 months & renewable on mutual consent	212.50 Sq. ft.	₹ 75,000 per month	Extension to Registered Office
2.	Mr. Harshad Thakkar	Gala No. 112 to 115, Building No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421 302, Maharashtra	September 17, 2012 33 months & renewable on mutual consent	9,400 Sq. ft.	₹ 1,41,000 per month	Centralised Warehouse Facility
3.	Mr. Harshad Thakkar	Gala No. 15, Building No. D-6, Hari Har Corporation Village, Dapode, Taluka Bhiwandi, Dist. Thane – 421 302, Maharashtra	September 17, 2012 33 months & renewable on mutual consent	2,000 Sq. ft.	₹ 36,000 per month	Office at Centralised Warehousing Facility

REGULATIONS AND POLICIES

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

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

EMPLOYMENT AND LABOUR LEGISLATIONS

Industrial Disputes Act and Industrial Dispute (Central) Rules

Industrial Dispute Act and the Rules made thereunder provide for the investigation and settlement of industrial disputes. It also contains various provisions relating to prohibition or strikes and lock-outs, declaration of strikes and lockouts as illegal and provisions relating to layoff and retrenchment and closure, Conciliation and adjudication of industrial disputes by; Conciliation Officers, a Board of Conciliation, Courts of Inquiry, Labour Courts, Industrial Tribunals and a National Industrial Tribunal.

The Employees' Provident Fund and Miscellaneous Provisions Act

The object of the EPF Act was to establish provident funds, pension funds and deposit-linked insurance funds for the benefit of employees in factories and other establishments. The EPF Act is applicable to all establishments which employ more than 20 persons, and to factories specified in Schedule I of the EPF Act which employ more than 20 persons. The funds constituted under the EPF Act consist of contributions from both the employer and the employees, in the manner specified in it. The central or state government, as the case may be, may by a notification in the official gazette grant exemption to establishments or factories from the application of all or any of the provision of the EPF Act, if it is of the opinion that the employees in such establishments or factories receive benefits which are not less favourable than the benefits provided under the EPF Act.

The Employees' State Insurance Act

The ESI Act was enacted in order to setup the employees' state insurance fund, which would provide benefits to employees in case of sickness, maternity and employment injury. Both the employer and the employees are required to make contributions to the employees' state insurance fund, in the manner provided under the ESI Act. The ESI Act applies to all factories including governmental factories (other than seasonal factories), which employ 10 or more employees and carry on a manufacturing process.

Factories Act

The Factories Act was enacted to regulate the work conditions of the workers employed in factories. Additionally it also contains provisions for the health, safety and welfare of such workers. It is compulsory for factories to obtain registration with the prescribed authorities designated under the Factories Act. The term 'factory', as defined under the Factories Act, means any premises which employs or has employed on any day in the previous 12 months, 10 or more workers and in which any manufacturing process is carried on with the aid of power, or any premises wherein 20 or more workmen are employed at any day during the preceding 12 months and in which any manufacturing process is carried on without the aid of power.

Payment of Wages Act

The PWA provides the date by which wages are to be paid, when it will be paid and what deductions can be made from the wages of the workers.

Payment of Gratuity Act

The PGA regulates the payment of gratuity, to an employee for his long and meritorious service, at the time of termination of his services. Gratuity becomes payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

- (a) on his/her superannuation;
- (b) on his/her retirement or resignation;
- (c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

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

Minimum Wages Act

The MWA fixes the minimum wage payable by the employer to the employee. Under the MWA, employers are required to pay minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. Construction of buildings, roads, and runways are scheduled employments. Additionally, MWA prescribes penalties for non-compliance of its provisions by employers.

Workmen's Compensation Act

The objective of WCA is to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. It also makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/ loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. Additionally, if the employer does not pay compensation due under the WCA within one month from the date it falls due; the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

Payment of Bonus Act

The Payment of Bonus Act applies to factories, as defined under the Factories Act and establishments wherein 20 or more persons are employed on any day during an accounting year. The object of the Payment of Bonus Act is to provide for the payment of bonus to persons employed in such factories and establishments. It imposes a statutory liability upon an employer of every factory and establishment, to pay bonus to its employees, and prescribes the formula by which such amount may be calculated.

Bombay Shops and Establishment Act

The Bombay Shops and Establishment Act applies to shops and establishments within the State of Maharashtra and lays down guidelines regulating the hours of work, payment of wages, leave holidays, terms of service, overtime and other conditions of work of persons employed in shops, commercial establishments. It also discourages employers from engaging in any kind of malpractices towards their employees. This legislation governs our Company as the Company has its registered office in the city of Mumbai.

Maternity Benefit Act

The Maternity Benefit Act provides for leave and some other benefits to women employees in case of confinement or miscarriage etc., and is applicable to every shop or establishment employing 10 persons or more during the preceding year.

Equal Remuneration Act

The objective of Equal Remuneration Act is to ensure payment of equal remuneration to men and women workers and to prevent discrimination, on the ground of sex, against female employees in employments matters and matters connected therewith.

Child Labour Prohibition and Regulation Act

The Child Labour Prohibition and Regulation Act prohibit employment of children below 14 years of age in certain occupations and processes. Additionally, it regulates employment of children in all other occupations and processes. Employment of child labour is prohibited in the building and construction Industry.

The Contract Labour (Regulation and Abolition) Act

The Contract Labour (Regulation and Abolition) Act regulates employment of contract labour and, in certain cases, provides for the abolition of contract labour. Any employer who engages 20 or more contract workers in any year is covered by this Contract Labour (Regulation and Abolition) Act and is required to register as a principal employer. Similarly any contractor who engages 20 employees in a year covered by this Contract Labour (Regulation and Abolition) Act is required to obtain a license. The Contract Labour (Regulation and Abolition) Act prescribes certain welfare measures that principal employers are required to provide for the contract workers. The principal employer is also liable for the payment of wages to contract workers in case the contractor makes any default in respect of the same.

The Employers' Liability Act

The ELA excludes certain defenses (that may be taken by the employer) in respect of injuries sustained by workmen. The ELA provides that any provision contained in a contract of service or apprenticeship, or in an agreement collateral thereto, shall be void in-so-far as it would have the effect of excluding or limiting any liability of the employer in respect of personal injuries caused to the person employed or apprenticed by the negligence of persons in common employment with him. The ELA further states that in an suit for damages, the workman shall not be deemed to have undertaken any risk attaching to the employment unless the employer proves that the risk was fully explained to and understood by the workman and the workman voluntarily undertook the same.

The Industrial Employment (Standing Orders) Act

The Industrial Employment (Standing Orders) Act applies to all establishments wherein 100 or more employees are employed. Under the Standing Orders Act, employers are required to define with sufficient precision the conditions of employment under them and make the conditions known to the employees employed by them. The Standing Orders Act provides that, employers are required to either adopt the model standing orders or to adopt their own certified standing orders. Standing orders, inter alia, provides for classification of employees, attendance, late coming, termination of employment, and the notice to be given, suspension or dismissal for misconduct etc.

The Inter-State Migrant Workman (Regulation of Employment and Conditions of Service) Act

The Inter-State Migrant Workman (Regulation of Employment and Conditions of Service) Act regulates the employment of inter- State migrant workmen and to provide for their conditions of service and for matters connected therewith. It provides for registration of establishments which employ inter- state migrant workmen as well as the wages, welfare and other facilities to be provided to the inter- state migrant workmen.

Trade Unions Act

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

The Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act

The Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act provides for the recognition of trade unions for facilitating collective bargaining for certain undertakings, to state their rights, and obligations, to confer certain powers on recognized unions and to provide for declaring certain strikes and lock-outs as illegal and to define and provide for the prevention of certain unfair labour practices. The Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act also provides for constitution of courts for carrying out the purposes of according recognition to trade unions and for enforcing the provisions mentioned in the statute.

TAX RELATED LEGISLATIONS

Value Added Tax

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

Income Tax Act

IT Act applies to every Domestic and Foreign Company whose income is taxable under the IT Act or Rules made under it according to its "Residential Status" and "Type of Income" involved. Under section 139(1) of IT Act every Company is required to file its income tax return for every previous year by 30th September of the Assessment Year. In addition, companies has to comply with other provisions relating to Tax Deduction at Source, Advance Tax, MAT and like are also required to be complied by every Company.

Central Sales Tax Act

Under the CST, every dealer registered under it is required to furnish a return in Form I (Monthly/ Quarterly/ Annually) as required by the State sale Tax laws of the assessee authority together with treasury challan/bank receipt in token of the payment of taxes due.

Service Tax

Service tax is a tax levied on the transaction of certain services specified by the Central Government under the Finance Act, 1994. It is an indirect tax which means that normally, the service provider pays the tax and recovers the amount from the recipient of taxable service. The taxable services are defined in section 65 of the Finance Act, 1994. Section 66B is the charging Section, which provides for the levy of Service Tax at the rate of 12% on the value of all services, other than those specified in the negative list which is enumerated in the section 66D of the Finance Act, 1994.

The Additional Duties of Excise (Textiles and Textile Articles) Act

The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978, as amended, provides for the levy and collection of an additional duty of excise on certain textiles and textile related articles

TRADE RELATED LEGISLATIONS

Cotton Control Order

The Cotton Control Order provides for the maximum quantity of cotton that may be possessed by a manufacturer, a cotton ginning factory, a cotton pressing factory, a cotton ginning and pressing factory and a person (other than a member of a HUF growing cotton). It also provides for the appointment of the office of the Textile Commissioner. Additionally, it specifies the quality standards that have to be met while picking cotton for export and domestic consumption purpose as well as the markings that have to be made on the cotton bale before marketing of the same.

ENVIRONMENTAL LEGISLATIONS

The Environment Protection Act

The EPA is to act as an "umbrella" legislation designed to provide a frame work for central government co-ordination of the activities of various central and state authorities established under previous laws. The EPA authorizes the central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds. The EPA prohibits persons carrying on business, operation or process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed.

Where the discharge of any environmental pollutant in excess of the prescribed standards occurs or is apprehended to occur due to any accident or other unforeseen act, the person responsible for such discharge and the person in charge of the place at which such discharge occurs or is apprehended to occur is bound to prevent or mitigate the environmental pollution caused as a result of such discharge and should intimate the fact of such occurrence or apprehension of such occurrence; and be bound, if called upon, to render all assistance, to such authorities or agencies as may be prescribed.

Water (Prevention and Control of Pollution) Act

The objective of the Water (Prevention and Control of Pollution) Act is to protect the rivers and streams from being polluted by domestic and industrial effluents. It also prohibits the discharge of toxic and poisonous matter in the river and streams without treating the pollutants as per the standard laid down by the Pollution Control Boards constituted under the Act. It is mandatory to obtain prior consent of the board if a person intending to commence any new industry, operation or process is likely to discharge pollutants.

Air (Prevention and Control of Pollution) Act

The objective of the Air (Prevention and Control of Pollution) Act is to protect the environment from smoke and other toxic effluents released in the atmosphere by industries. Additionally, it has declared several areas as air pollution control area and also prohibits the use of certain types of fuels and appliances. It is mandatory to obtain prior consent of the board constituted under the Air (Prevention and Control of Pollution) Act, if a person intends to start an industrial plant in a pollution control area.

Hazardous Waste (Management and Handling) Rules

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

INTELLECTUAL PROPERTY LEGISLATIONS

Trade Marks Act

The Trade Marks Act provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to the proprietor of the trade marks to brand, label, identify and distinguish his product marks from others. Application for registering a trademark has to be made to the Controller-General of Patents, Designs and Trade Marks who is the Registrar of Trademarks for the purposes of the Trade Marks Act. Registration of a trade mark is for a period of 10 years, renewable for another period of 10 years from the date of expiry of the original registration or last registration as the case may be. The Trade Marks Act permits the proprietor of the Trade Mark to assign or transmit the trade mark with or without the goodwill of the business concerned. The Trade Marks Act prohibits registration of, among other things, deceptively similar marks. It also provides for penalties for infringement, passing off, falsifying and falsely applying trademarks.

OTHER LEGISLATIONS

Textile Committee Act

The Textiles Committee's main objective is to ensure the quality of textiles and textile machinery both for internal consumption and export purposes. The Textiles Committee, as corollary to its main objective of ensuring the quality of textiles and textiles machinery has been entrusted with the following functions of, among other things, establishing standard specifications for textiles, textile machinery and the packing materials. In addition to this, Textiles Committee also regulates the imposition of cess on textile and textile machinery manufactured in India.

The Companies Act

The Companies Act deals with laws relating to companies and certain other associations. The Companies Act primarily deals with the formation, financing, functioning and winding up of companies. Additionally, the Companies Act regulates the organizational, financial and managerial aspects of companies although regulation of the financial and management aspects constitutes the main focus of the Companies Act. Although it is essential to maintain the freedom of companies, protection of investors and shareholders, on whose funds they flourish, is equally important to ensure the proper functioning of the corporate sector. This legislation also plays the balancing role between two competing factors, namely, management autonomy and investor protection.

Indian Contract Act

The law relating to contracts in India is contained in Indian Contract Act. It lays down the general principles relating to the formation and enforceability of contracts; rules governing the provisions of an agreement and offer; the various types of contracts including those of indemnity and guarantee, bailment and pledge and agency. It also contains provisions pertaining to breach of a contract.

Competition Act

This enactment replaced the MRTP Act. Under this Competition Act, the Competition Commission of India was established to prevent activities that have an adverse effect on competition in India.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of Our Company

Ashapura Intimates Fashion Limited was incorporated on July 17, 2006 under the Companies Act in the state of Maharashtra as “Ashapura Apparels Private Limited” and received a certificate of incorporation bearing CIN: U17299MH2006PLC163133 from RoC. Subsequently, pursuant to a special resolution passed by the shareholders at an EGM held on October 18, 2012, the name of the Company was changed to Ashapura Intimates Fashion Private Limited and a fresh certificate of incorporation consequent on change of name was issued by RoC on November 9, 2012. Further, pursuant to a special resolution passed by our shareholders at an EGM held on December 1, 2012 our Company was converted into a public limited company and a fresh certificate of incorporation consequent on the conversion under the Companies Act on December 19, 2012 was obtained from RoC.

Changes in Registered Office of our Company

Previous Address	New Address	Reasons for change	Date of Change
B/19, Dyaneshwar Darshan, GV scheme Road, Mulund (East), Mumbai – 400 081	Shop No. 3-4, Ground Floor, Pacific Plaza, Plot No. 570, TPS IV, Off B. S. Road, Mahim Division, Dadar (West), Mumbai – 400 028	To ensure greater operational efficiency and to meet growing business requirements	November 26, 2011

The main objects of our Company

The main objects contained in the MOA of our Company are as follows:

- To carry on the business of manufacturing, processing, buying, selling, exporting and dealing in all kinds of garments, including, silk, art silk, cotton, synthetic, manmade fabric, textiles and clothes.*
- To carry on the business of spinners, weavers, manufacturers, ginner, pressers, packers and dealers of cotton, jute, hemp silk, pure silk, artificial silk, wool, manmade fibre and any other fibre materials and the cultivation thereof and the business of weaving or otherwise manufacturing, bleaching, printing, selling yarns or otherwise cloth-linen and other goods and fabrics whether textiles, fibre blended or looped and of buying, selling, dealing in cotton and other materials, yarn, cloth, linen and other goods or merchandise made thereof and to carry on the business of cotton spinners and doublers, linen wool, yarn and cloth merchants, bleachers and dyers, makers of vitriol, bleaching and dyeing material and to transact all manufacturing or curing and preparing processes and all mercantile business that may be necessary or expedient for the Company and to purchase and sell raw material and manufacture articles.*

The main objects as contained in the MOA enables our Company to carry on the business presently carried out as well as business proposed to be carried out and the activities proposed to be undertaken pursuant to the Objects of the Issue.

AMENDMENTS TO OUR MEMORANDUM / ARTICLES OF ASSOCIATION

Date of shareholders' approval	Nature of Amendment
March 23, 2009	Increase in authorised capital from ₹ 5,00,000 (Rupees Five Lacs only) divided into 5,000 Equity Shares of ₹ 100 each to ₹ 1,00,00,000 (Rupees One Crore only) divided into 1,00,000 Equity Shares of ₹ 100/- each
March 1, 2012	Increase in authorised capital from ₹ 1,00,00,000 (Rupees One Crore only) divided into 1,00,000 Equity Shares of ₹ 100 each to ₹ 6,00,00,000

	(Rupees Six Crores only) divided into 6,00,000 Equity Shares of ₹ 100 each
April 25, 2012	Increase in authorised capital from ₹ 6,00,00,000 (Rupees Six Crores only) divided into 6,00,000 Equity Shares of ₹ 100 each to ₹ 23,00,00,000 (Rupees Twenty Three Crores only) divided into 23,00,000 Equity Shares of ₹ 100 each
October 18, 2012	Subdivision in authorised capital of ₹ 23,00,00,000 (Rupees Twenty Three Crores only) divided into 23,00,000 Equity Shares of ₹ 100 each to 2,30,00,000 Equity Shares of ₹ 10 each
December 1, 2012	Amendment / Adoption of new Articles of Association
December 19, 2012	Company was converted from a Private Limited Company to a Public Limited Company and consequently our Company's name was changed from Ashapura Intimates Fashion Private Limited to Ashapura Intimate Fashion Limited

Key Events, Milestones and Achievements of the Company

The table below sets forth some of the key events in the history of our Company

Year	Key Events, Milestones and Achievements
2006	Ashapura Apparels Private Limited i.e. our Company was incorporated
2007	The business of proprietorship firm namely Ashapura Apparels was transferred to the Company. New facility spreading over 24,000 sq. ft. was established at Bhiwandi for designing and marketing of intimate garments by the brand "Valentine".
2008	Our Company has installed modern machineries and expanded its marketing network and launched products under the brand "N-Line".
2009	Our Company launched a new brand "Night & Day" which helped in increasing our product range.
2011	Our Company expanded its brand portfolio by adding brands "Valentine Pink", "Valentine Secret Skin" and "Valentine Sports". The Company also increased its facility by adding 10,000 sq. ft. area and acquired modern machineries.
2012	Our Company has clocked a turnover of more than ₹ 10,000 Lacs

Summary of key agreements

1. Share Subscription Agreement dated January 23, 2013 between our Company and MAPL

Our Company has entered into a share subscription agreement with MAPL on January 23, 2013 in order to acquire majority stake of MAPL. Pursuant to the said agreement, our Company has agreed to subscribe to 15,92,500 equity shares of MAPL for consideration aggregating to ₹ 159.25 Lacs. We propose to utilise ₹ 150 Lacs out of the Issue Proceeds towards investment in MAPL. Our Company is entitled to terminate this share subscription agreement, if the conditions precedents of the said share subscription agreement are not fulfilled within 30 days of execution of this agreement, as mentioned below

- MAPL to pass necessary resolutions and to obtain all necessary approvals from third parties, including approvals from regulatory authorities and the lenders of MAPL in connection with the transaction contemplated under the Agreement;
- Obtaining all necessary authorizations by our Company for investment in MAPL
- The board of directors of MAPL passing necessary resolutions.

- (d) The completion of the SME IPO successfully and obtain necessary authorizations for investment in MAPL;
- (e) Passing of special resolutions by shareholders of company at an EGM in connection with our Company's investment in MAPL.
- (f) Obtaining all necessary approvals from third parties including approvals from regulatory authorities and the lenders of AIFL in connection with the transaction contemplated under this share subscription agreement.

2. Exclusive Manufacturing Agreement dated January 23, 2013 between our Company and MAPL

Our Company has entered into an exclusive manufacturing agreement dated January 23, 2013 with MAPL. Pursuant to this said agreement, MAPL has been engaged by our Company to manufacture and supply non-branded products exclusively to us for a period of 60 months. The payments terms are to be agreed from time to time by mutually consent of our Company and MAPL. Under the terms of the said agreement, MAPL is responsible for ensuring the quality of all products manufactured for our Company under the terms of this agreement and shall deliver the products on the basis of our Company's written orders. For further details on salient features of this agreement, please see the chapter titled "*Our Business*" on page no. 85 of this Draft Prospectus.

3. Machineries Lease Agreement dated January 31, 2013 between our Company and MAPL

Our Company has entered into a machineries lease agreement dated January 31, 2013 ("**Effective Date**") with MAPL. Pursuant to this said agreement, our Company has agreed to lease machineries to MAPL which is given in detail in the chapter titled "*Our Business*" on page no. 85 of this Draft Prospectus and we also permit MAPL to partly use the DG-Set for its business purposes. The agreement would remain in force for a period of 60 (sixty) months from the Effective Date. Under the terms of the said agreement, MAPL has agreed to pay our Company on the first day of every calendar month, the sum of ₹ 79,344/- (Rupees Seventy Nine Thousand Three Hundred Forty Four only) per month for the lease of the machineries and ₹ 5,000/- (Rupees Five Thousand only) per month for the Hire of DG-Set. MAPL has agreed that it will use the leased machineries for manufacturing products exclusively for our Company. For further details on salient features of this agreement, please see the chapter titled "*Our Business*" on page no. 85 of this Draft Prospectus

Shareholders' Agreement

The shareholders have not entered into any arrangement inter-se. Our Company has not entered into any agreement with its shareholders.

Agreements with our Promoter and Promoter Group

Except for agreements with our Promoter for appointment as Managing Director and leave and license agreements, there are no other agreements with our Promoter and Promoter Group. For details of aforementioned agreements, please refer to chapters titled "*Our Management*" and "*Our Business*" on page no. 111 and page no. 85 respectively of this Draft Prospectus.

Subsidiaries and Holding Companies

As of date of this Draft Prospectus, we do not have any subsidiaries or holding companies.

Financial and Strategic Partners

Our Company does not have any financial or strategic partners.

Collaborations

Our Company has not entered into any collaboration with any third party as per SEBI (ICDR) Regulations.

Time / cost overrun

Our Company has not experienced time and cost overrun in relation to the projects executed in the past.

Injunction or restraining order or winding up petitions

There are no injunctions or restraining orders against our Company. There are no winding up petitions filed in any Courts against our Company.

Business acquisitions

Other than as disclosed under “*Major Events*” in this chapter, our Company has not acquired any business or undertakings.

Competition

For details of the competition faced by our Company, please see the chapter titled “*Our Business*” on page no. 85 of this Draft Prospectus.

The number of members/shareholders of our Company

Our Company has 10 (ten) shareholders as on the date of this Draft Prospectus. For further details regarding our shareholders, please see the chapter titled “*Capital Structure*” on page no. 42 of this Draft Prospectus.

Changes in activities of our Company

Except as disclosed under “*Major Events*” in this chapter, there have been no other changes in the activities of our Company since its incorporation on July 17, 2006, which may have had a material effect on our profits or loss including discontinuance of lines of business, loss of agencies or markets.

OUR MANAGEMENT

Board of Directors of our Company

As per the AOA, our Company is required to have not less than 3 (three) and not more than 12 (twelve) Directors.

The Board of Directors of our Company comprises of 6 (six) Directors, of which 3 (three) are Executive Director and 3 (three) are Independent and Non-Executive Directors.

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

Name, Father's name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Qualification	Other Directorships / Partnerships
Mr. Harshad H. Thakkar <i>Father's name:</i> Late Mr. Hirji Thakkar <i>Designation:</i> Chairman and Managing Director <i>Term:</i> 5 years w.e.f. December 19, 2012 <i>DIN:</i> 01869173 <i>Occupation:</i> Business <i>Nationality:</i> Indian <i>Address:</i> B/19, Dyaneshwar Darshan, G. V Scheme , Mulund (East), Mumbai – 400 081	35	Schooling	<i>Other Directorships</i> MAPL
Mrs. Darshana H. Thakkar <i>Father's name:</i> Mr. Rasiklal Thakkar <i>Designation:</i> Whole Time Director <i>Term:</i> 5 years w.e.f. December 19, 2012 <i>DIN:</i> 02241587 <i>Occupation:</i> Business <i>Nationality:</i> Indian	31	Diploma in Home Sciences	<i>Other Directorships</i> None

Name, Father's name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Qualification	Other Directorships / Partnerships
Address: B/19, Dyaneshwar Darshan, G. V Scheme , Mulund (East), Mumbai – 400 081			
<p>Mr. Dinesh C. Sodha</p> <p><i>Father's name:</i> Chanubha Mithubha Sodha</p> <p><i>Designation:</i> Whole Time Director</p> <p><i>Term:</i> 5 years w.e.f. December 19, 2012</p> <p><i>DIN:</i> 02836240</p> <p><i>Occupation:</i> Business</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> Flat No. 19, Dhyaneshwar Darshan Tower, Floor 7, B-Wing, G. V Scheme, Road No- 3, Mulund (East), Mumbai – 400 081</p>	34	Schooling	<p><i>Other Directorships</i></p> <p>MAPL</p>
<p>Mr. Ramakant M. Nayak</p> <p><i>Father's name:</i> Govind Madhav Nayak</p> <p><i>Designation:</i> Independent and Non-Executive Director</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 00129854</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> A/11 Anand Dham, 9th Road, Prabhat Colony, Near Hotel Yatri, Santacruz (E), Mumbai – 400 055</p>	67	Bachelor of Science, Bachelor of Law, Certified Associate of the Indian Institute of Bankers	<p><i>Other Directorships</i></p> <ol style="list-style-type: none"> 1. Sun Capital Advisory Services Private Limited 2. Intellvisions Software Limited 3. Nitin Fire Protection Industries Limited 4. Max Flex Imaging Systems Limited 5. Sun Global Investments Limited 6. Sunteck Realty Limited 7. Plexus Capital Ventures Private Limited 8. TRC Financial Services Limited 9. Shree Pushkar Petro Products Limited 10. Arrowpoint Technologies Plc - Isle of Man 11. Arch Pharamalabs Limited 12. Poddar Developers Limited 13. Folksreise Tours Private Limited
<p>Mr. Arun K. Bagaria</p> <p><i>Father's name:</i> Ramkumar</p>	50	Chartered Accountant	<p><i>Other Directorships</i></p> <ol style="list-style-type: none"> 1. Chandrasen Securities Private

Name, Father's name, Designation, Term, DIN, Occupation, Nationality and Address	Age (in years)	Qualification	Other Directorships / Partnerships
<p>Kishanlal Bagaria</p> <p><i>Designation:</i> Independent and Non-Executive Director</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 00160825</p> <p><i>Occupation:</i> Practicing Chartered Accountant</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> 2 – Rajyog Kasturba Road- 5, Borivali East, Mumbai – 400 066</p>			<p>Limited</p> <p>2. Finlaw Integrated Services Private Limited</p> <p>3. Gobaj Commercial Company Private Limited</p> <p>4. Haravali Investrade Private Limited</p> <p><i>Partnerships</i></p> <p>Partner in M/s Bagaria & Company, Chartered Accountants</p>
<p>Mr. Mohit Shah</p> <p><i>Father's name:</i> Akhilesh Shah</p> <p><i>Designation:</i> Independent and Non-Executive Director</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 06466722</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Address:</i> Juwadia Mohalla Kekri, Ajmer – 305 404, Rajasthan</p>	24	Chartered Accountant	<p><i>Other Directorships</i></p> <p>None</p>

Relationship between our Directors

Except for Mrs. Darshana H. Thakkar being the wife of Mr. Harshad H. Thakkar, none of the Directors are related to each other in any manner.

Confirmations

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

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

None of our Directors are currently or have been on the board of directors of a listed company whose shares have been or which has been or was delisted from any recognized stock exchange in India.

None of our Directors, Promoter or persons in control of our Company, has been or is 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 the SEBI. There are no regulation actions (any order, item or final, passed by the SEBI, any stock exchange, government authority imposing a penalty, monetary or otherwise or prosecution) taken or pending against any of our Directors.

There is no arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any of our Directors have been appointed as Director or member of senior management.

None of our Directors, have entered into any service contracts with our Company providing for benefits upon termination of employment.

Brief biography of our Directors

Mr. Harshad H. Thakkar, Chairman and Managing Director

Mr. Harshad H. Thakkar, our Promoter, is the Chairman and Managing Director of our Company. He entered into the intimate garments industry at the early age of 18 years. He has an experience of over 16 (sixteen years) in the industry. He has an in depth knowledge of various aspects of the industry and plays vital role in formulating business strategies and effective implementation of the same. He is co-opted Member and Chairman, Lingerie Sub-Committee, Clothing Manufacturing Association of India. As Managing Director, he oversees the entire working and affairs of our Company's management.

Mrs. Darshana H. Thakkar, Whole Time Director

Mrs. Darshana H. Thakkar holds a diploma certificate and has an experience of about 6 (six) years in the intimate garments industry. She is a fashion designer by profession and oversees the designing department of our Company. She handles our team of designers, who constantly work towards the designing of the products of our Company which is one of the core activities in the intimate garments industry.

Mr. Dinesh C. Sodha, Whole Time Director

Mr. Dinesh C. Sodha is head of the marketing department of our Company. He has over 15 (fifteen) years of experience in the intimate garments industry. He looks after the day to day management of our centralised warehousing facility and marketing operation located at Bhiwandi. He has joined the Board of Directors of our Company in the year 2012.

Mr. Ramakant M. Nayak, Independent and Non-Executive Director

Mr. Ramakant Madhav Nayak holds a bachelor degree in law and a bachelor degree in science. Besides, he is a Certified Associate of the Indian Institute of Bankers. He has over 40 (forty) years of experience in commercial banking. He was also the chairman and managing director of Laxmi Vilas Bank, a leading private bank headquartered in Tamil Nadu, India and prior to that the managing director and chief executive officer of Lord Krishna Bank (now known as HDFC Bank), another private bank in India. He also served as the general manager of Bank of Maharashtra, a leading public sector bank in India.

Mr. Arun K. Bagaria, Independent and Non-Executive Director

Mr. Arun Kishanlal Bagaria, is a fellow member of the ICAI and a founding partner of M/s Bagaria & Company, a chartered accountant firm. He has 25 (twenty five) years of experience in the field of finance, law, accounts and taxation.

Mr. Mohit Shah, Independent and Non-Executive Director

Mr. Mohit Shah is an associate member of the ICAI. His area of expertise is in the fields of service tax, accountancy and income tax. He has worked as an article assistant at M/s Jain and Kothari, a chartered accountant firm for over 3 (three) years.

Shareholding of our Directors

The shareholding of our Directors as on the date of this Draft Prospectus is set forth below:

Name	Number of Equity Shares held	Percentage (%) of pre Issue Equity Share Capital	Percentage (%) of post Issue Equity Share Capital
Mr. Harshad H. Thakkar	1,13,18,440	79.61	58.14
Mrs. Darshana H. Thakkar	1,03,200	0.73	0.53
Mr. Dinesh C. Sodha	9,00,000	6.33	4.62#

Assuming that Mr. Dinesh C. Sodha does not participate in this Issue

Our AOA do not require our Directors to hold any qualification shares in our Company.

Borrowing Powers of the Board of our Company

Our AOA, subject to the provisions of section 293(1)(d) of the Companies Act authorize our Board, to borrow or raise money or secure the payment of any sum or sums of money for the purposes of our Company. The shareholders of our Company, through an ordinary resolution passed at the EGM dated January 9, 2013, authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of our Company and its free reserves, not exceeding ₹ 15,000 Lacs at any time.

Terms of appointment of the Chairman and Managing Director of our Company

Mr. Harshad H. Thakkar was appointed as Chairman and Managing Director of our Company for a period of 5 (five) years with effect from December 19, 2012 pursuant to a resolution passed by our Board of Directors on December 19, 2012 ratified by our shareholders on January 9, 2013. The following are the important terms of appointment of Mr. Harshad H. Thakkar as the Chairman and Managing Director of our Company:

Particulars	Remuneration
Salary	₹ 3,00,000 per month
Perquisites	Nil

Terms of appointment of the Whole Time Director of our Company

Mrs. Darshana H. Thakkar and Mr. Dinesh C. Sodha were appointed as the Whole Time Directors of our Company with effect from December 19, 2012 for a period of 5 (five) years by our Board of Directors on December 19, 2012 and ratified by the shareholders on January 9, 2013. The following are the important terms of appointment of Mrs. Darshana H. Thakkar and Mr. Dinesh C. Sodha as the Whole Time Directors of our Company:

Particulars	Mrs. Darshana H. Thakkar	Mr. Dinesh C. Sodha
	Remuneration	Remuneration
Salary	₹ 1,00,000 per month	₹ 1,00,000 per month
Perquisites	Nil	Nil

Payment or benefit to our Directors

The sitting fees or other remuneration paid to our Directors for FY 2012 & FY 2011 are as follows:

(a) Remuneration to our Executive Directors

The aggregate value of salary and perquisites paid for the year ended as on March 31, 2012 and March 31, 2011 are set forth in the table below:

Name	FY 2012	FY 2011
Mr. Harshad H. Thakkar	₹ 36,00,000	₹ 24,00,000
Mrs. Darshana H. Thakkar	₹ 9,00,000	₹ 9,00,000
Mr. Dinesh C. Sodha	Nil	Nil

(b) Remuneration to our Non-Executive Directors

Our Company did not have any non Executive Directors in the FY 2011 and FY 2012 and at present, no sitting fees are being paid to the Non-Executive Directors.

Except as stated in this chapter titled “Our Management”, no amount or benefit has been paid within the two preceding years or is intended to be paid or given to any of our Company’s officers including our Directors and Key Management Personnel and other management personnel. None of the beneficiaries of loans, advances and sundry debtors are related to our Directors. Further, except statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our Directors, our Key Management Personnel and other management personnel, are entitled to any benefits upon termination of employment.

No loans have been availed by our Directors from our Company.

Key Management Personnel of our Company

The details of amount drawn by Key Management Personnel as on the date of this Draft Prospectus are as follows:

Name	Remuneration per annum
Mr. Uttam Haryan	₹ 1,80,000
Mr. Vipin Pandey	₹ 3,70,000
Ms. Sonali K. Gaikwad	₹ 2,16,000**

**Appointed in the month of September 2012.

Corporate Governance

The provisions of the SME Equity Listing Agreement to be entered into with the BSE with respect to corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the BSE. Our Company believes that it is in compliance with the requirements of the applicable regulations, including the SME Equity Listing Agreement with the BSE and the SEBI (ICDR) Regulations, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board’s supervisory role from the executive management team and constitution of the Board Committees, as required under applicable law.

Our Company’s Board of Directors has been constituted in compliance with the Companies Act and the SME Equity Listing Agreement with BSE and in accordance with best practices relating to corporate governance. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. Our Company’s executive management provides the Board of Directors with detailed reports on its performance periodically.

As of date of this Draft Prospectus, our Board has 6 (six) Directors. In compliance with the requirements of Clause 52 of the SME Equity Listing Agreement, we have 3 (three) Executive Directors and 3 (three) Non-Executive and Independent Directors on our Board.

Committees of the Board of Directors of our Company

1. Audit Committee

The members of the Audit Committee are:

Sl. No.	Name	Directors	Designation
1	Mr. Arun K. Bagaria	Non-Executive Director (Independent)	Chairman
2	Mr. Ramakant M. Nayak	Non-Executive Director (Independent)	Member
3	Mr. Harshad H. Thakkar	Executive Director	Member

The Company has formed Audit Committee by resolution dated December 19, 2012, complying with Section 292A of the Companies Act and Clause 52 of the SME Equity Listing Agreement.

The terms of reference of the Audit Committee include the following:

1. To have a minimum of 3 (three) Directors as members, of which, two third, shall be Independent Directors
2. All members of the Audit Committee shall be financially literate; and at least one member shall have accounting or related financial management expertise
3. The Company Secretary shall act as secretary to the Audit Committee

The scope of the Audit Committee is as follows:

1. To investigate any activity within its terms of reference
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee

The Audit Committee is required to meet at least four times in a year under Clause 52 of the SME Equity Listing Agreement.

2. Remuneration Committee

The members of the Remuneration Committee are:

Sl. No	Name	Directors	Designation
1	Mr. Arun K. Bagaria	Non-Executive Director (Independent)	Chairman
2	Mr. Ramkant M. Nayak	Non Executive Director (Independent)	Member
3	Mr. Mohit Shah	Non Executive Director (Independent)	Member

The Company has constituted a Remuneration Committee by resolution dated December 19, 2012. The Remuneration Committee has powers of recommending remuneration package to all Directors as per the requirements of Clause 52 of the SME Equity Listing Agreement.

The terms of reference of the Remuneration Committee include the following:

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

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

3. Investors Grievance Committee

The members of the Investors Grievance Committee are:

Sl. No.	Name	Directors	Designation
1	Mr. Ramakant Madhav Nayak	Non Executive Director (Independent)	Chairman
2	Mr. Arun Kishanlal Bagaria	Non Executive Director (Independent)	Member
3	Mr. Harshad H. Thakkar	Executive Director	Member

The Company has formed Investors Grievance Committee by resolution dated December 19, 2012 as per the requirements of Clause 52 of the SME Equity Listing Agreement.

The terms of reference of the Investors Grievance Committee include the following:

1. To redress shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
2. To review of cases for refusal of transfer / transmission of shares and debentures; and
3. To refer to statutory and regulatory authorities regarding investor grievances.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board of Directors or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our AOA, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or Allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this IPO. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as disclosed in the chapters titled “*Objects of the Issue*” and “*Our Business*” on page no. 53 and page no. 85 respectively of this Draft Prospectus, none of our Directors have any interest in any other property acquired or proposed to be acquired by our Company within two years from the date of this Draft Prospectus.

Except as stated in the chapter titled “*Restated Financial Statements – Related Party Transactions*” on page no. 145 of this Draft Prospectus and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Changes in the Board of Directors of our Company during the last three years:

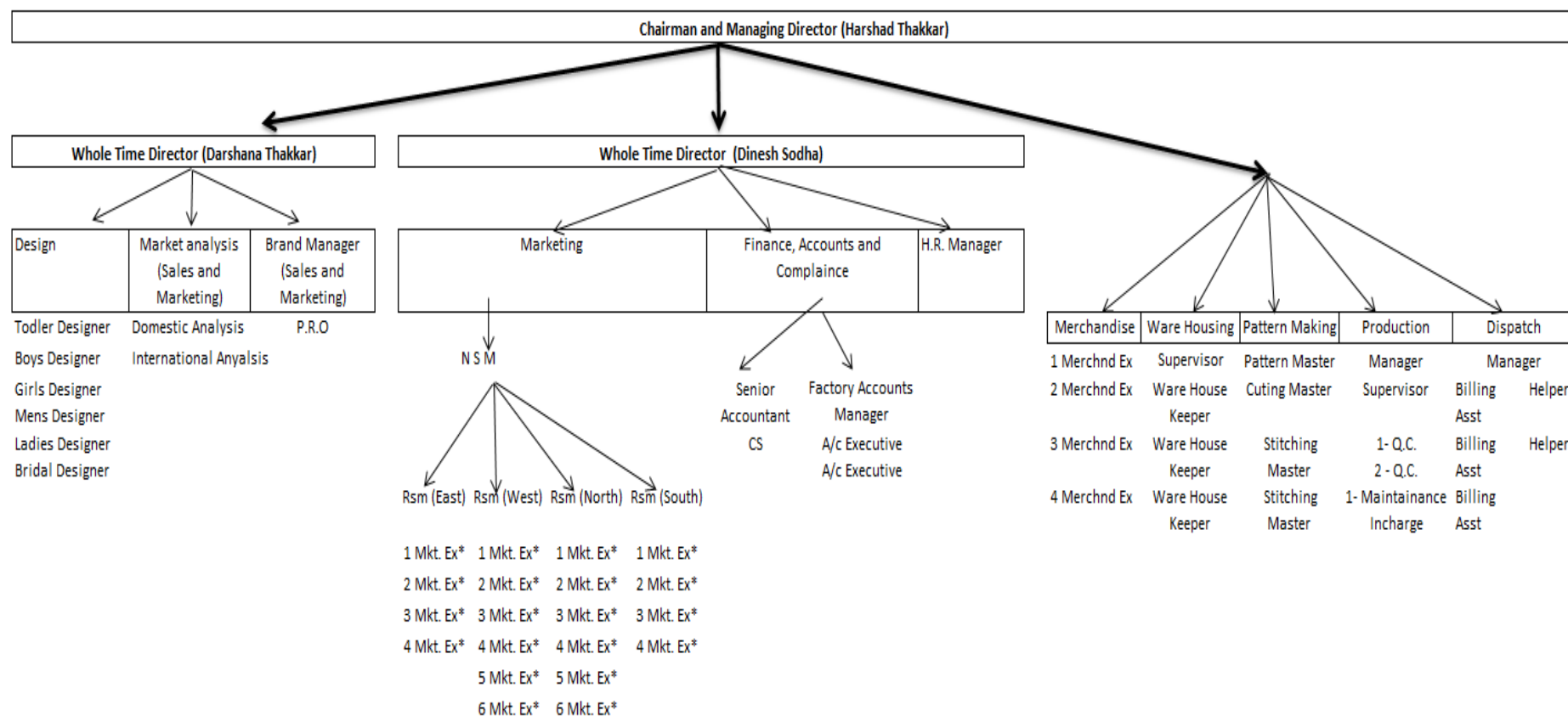
Name	Date of Appointment/ Change/Cessation	Reason
Mr. Dinesh C. Sodha	March 30, 2012	Appointment
Mr. Ramakant M. Nayak	December 19, 2012	Appointment
Mr. Arun K. Bagaria	December 19, 2012	Appointment
Mr. Mohit Shah	December 19, 2012	Appointment

Details of current and past directorships

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

Further, 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 of the stock exchanges in India.

MANAGEMENT ORGANISATION CHART



* on contract basis

Mkt - Marketing

Ex - Executive

A/c - Accounts

Q.C - Quality Control

Asst - Assistant

Key Management Personnel

In addition to our Executive Directors, whose details have been provided above under “*Brief Biography of our Directors*”, the details of our other Key Management Personnel, as on the date of this Draft Prospectus are set forth below. The Key Management Personnel of our Company are permanent employees.

Key Management Personnel of our Company:

1. Mr. Uttam Haryan
2. Mr. Vipin Pandey
3. Ms. Sonali K Gaikwad

The details of our Key Management Personnel as on the date of this Draft Prospectus are as follows:

Sl. No.	Name	Designation	Qualification	Age (in years)	Experience (years)	Date of joining & date of expiration of term*	Payment made during FY 2012	Previous employment
1.	Uttam Vasudev Haryan	Pattern Maker	S.S.C	40	20	October 20, 2008	₹ 1,80,000	Star Clothing
2.	Vipin Pandey	Senior Accountant	B. Com	35	16	August 4, 2008	₹ 3,70,000	Polytech Millenium (I) Private Limited
3.	Sonali K Gaikwad	Company Secretary and Compliance Officer#	Company Secretary	24	0.4	September 22, 2012	Nil**	N. A.

* The appointment letters of these Key Management Personnel do not specify a fix term of employment.

** Appointed in the month of September 2012 for remuneration of ₹ 2.16 Lacs p.a.

Appointed as a Compliance Officer of our Company vide board resolution dated November 23, 2012.

The present strength of the employees of our Company is 40 (forty) which are divided in four categories as mentioned below:

Sl. No.	Department	No. of employees
1.	Management	3
2.	Sales and Marketing	5
3.	HRD and Administration	1
4.	Finance and Accounts	5
5.	Designing	7
6.	Quality Assurance and Control	10
7.	Warehouse, Maintenance and Dispatch	8
8.	Others	1
	TOTAL	40

Details of service contracts of our Key Management Personnel

Except for the appointment letters, our Key Management Personnel have not entered into any other contractual arrangements with our Company.

Arrangements and understanding with major shareholders

None of our Key Management Personnel have been selected as director or a member of senior management whether in pursuant to any arrangements or undertakings with major shareholders, customers and suppliers or otherwise.

Relationship between Key Management Personnel

None of the Key Management Personnel of our Company are related to each other.

Relationship between Key Management Personnel and our Directors

None of our Key Management Personnel are related to any of our Directors.

Shareholding of Key Management Personnel

None of our Key Management Personnel hold any shareholding in our Company as on the date of this Draft Prospectus.

Bonus or Profit Sharing Plan for the Key Management Personnel

There is no bonus or profit sharing plan for our Key Management Personnel.

Interests of Key Management Personnel

Except as disclosed above, none of our Key Management Personnel of our Company have any interest in our Company.

Changes in the Key Management Personnel in the last three year:

Except for the appointment of Ms. Sonali K Gaikwad as a Company Secretary and Compliance Officer on September 22, 2012 and November 23, 2012 respectively, there is no other change in the Key Management Personnel in the last 3 (three) years.

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

Our Company presently does not have any ESOP/ ESPS.

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

No amount or benefit has been paid or given to any officer of our Company within the 2 (two) preceding years from the date of this Draft Prospectus or is intended to be paid, other than in the ordinary course of their employment.

Loans taken by Directors / Key Management Personnel of our Company


Except as mentioned in the chapter titled “*Restated Financial Statement - Related Party Transaction*” on page no. 145 of this Draft Prospectus, none of our Directors and Key Management Personnel have taken any loan from our Company which are outstanding as on the date of this Draft Prospectus.

Arrangements and understanding with major shareholders

There are no arrangements and understanding with major shareholders.

OUR PROMOTER AND PROMOTER GROUP

Mr. Harshad H. Thakkar is the Promoter of our Company. Following are his details:

	Driving License: He does not hold a driving license
	Passport No. Z1894608
	Voter ID: He does not hold a Voter ID

Mr. Harshad H. Thakkar, our Promoter, is the Chairman and Managing Director of our Company. He entered into the industry at the early age of 18 years. He has an experience of about 16 (sixteen) years in the industry. He has an in depth knowledge of various aspects of the business. He is Co-opted Member and Chairman, Lingerie Sub-Committee, Clothing Manufacturing Association of India.

For further details relating to Mr. Harshad H. Thakkar, including addresses, terms of appointment as our Chairman and Managing Director and other directorships, please see the chapter titled “*Our Management*” on page no. 111 of this Draft Prospectus.

Our Company confirms that the PAN, bank account number and passport number of our Promoter shall be submitted to the Designated Stock Exchange at the time of filing of this Draft Prospectus.

Interests of the Promoter and Common Pursuits

Interest in promotion of our Company

Our Company was incorporated by Mr. Harshad H. Thakkar and Mrs. Darshana H. Thakkar. They are the subscribers to our MOA, to the initial issue of our Equity Shares and they are the first investors.

Interest in the property of our Company

Except as disclosed in the chapters titled “*Our Business*” and “*Restated Financial Statements– Related Party Transactions*” on page no. 85 and on page no. 145 respectively of this Draft Prospectus, our Promoter does not have any interest in any property acquired two years prior to the date of this Draft Prospectus or proposed to be acquired by our Company.

Interest as member of our Company

Mr. Harshad H. Thakkar holds 1,13,18,440 Equity Shares aggregating to 79.61 % of pre-Issue equity share capital and is therefore interested to the extent of his shareholding, and the dividend, if any, declared, by our Company. Except to the extent of his shareholding in our Company and benefits provided to him and as given in the chapter titled “*Our Management*” on page no. 111 of this Draft Prospectus, he holds no other interest in our Company. Our Promoter will hold 58.14% of post issue paid up share capital and hence will be in a position to influence decisions at the board meetings and general meetings of our Company.

Interest as a creditor of our Company

Except as disclosed in the chapter titled “*Restated Financial Statements – Related Party Transactions*” on page no. 145 of this Draft Prospectus, our Promoter does not have any interest as a creditor of our Company.

Interest as Director of our Company

Except as disclosed in the chapter titled “*Our Management*” on page no. 111 of this Draft Prospectus, our Promoter does not have any interest as a director of our Company.

Interest in transactions involving acquisition of land

Except as disclosed in the chapter titled “*Our Business*” on page no. 85 of this Draft Prospectus, none of our Directors have any interest in any other property acquired within two years preceding the date of this Draft Prospectus or proposed to be acquired by our Company.

Payment of benefits to our Promoter during the last two years

Except as stated in the chapters titled “*Restated Financial Statements – Related Party Transactions*” and “*Capital Structure*” on page no. 145 and page no. 42 respectively of this Draft Prospectus, there has been no payment of benefits to our Promoter or Promoter Group during the two years preceding the date of this Draft Prospectus.

Relationship between our Promoter, Directors and Key Management Personnel

None of the Directors are related to the Promoter or to each other except Mrs. Darshana H. Thakkar who is the wife of Mr. Harshad H. Thakkar.

None of the Key Management Personnel are related to the Promoter.

Confirmations

Further our Promoter has not been declared a willful defaulter by the RBI or any other government authority and there are no violations of securities laws committed by our Promoter in the past and no proceedings for violation of securities laws are pending against him.

Related party transactions

Except as disclosed in the chapter titled “*Restated Financial Statements - Related Party Transactions*” on page no. 145 of this Draft Prospectus, our Company has not entered into any related party transactions with our Promoter.

Companies with which our Promoter has disassociated in the last three years

Our Promoter has not disassociated from any company during the three years preceding the date of this Draft Prospectus.

Litigation

Except as disclosed in the chapter titled “*Outstanding Litigation and Material Developments*” on page no. 178 of this Draft Prospectus, there are no other legal proceedings involving our Promoter and Promoter Group

Change in the management and control

There has not been any change in the management or control of our Company since incorporation.

Promoter Group

In addition to our Promoter named above, the following individuals and entities form a part of our Promoter Group:

a. Natural persons who are part of our Promoter Group

The natural persons who are part of our Promoter Group (due to their relationship with our Promoter), other than our Promoter, are as follows:

Name of the Promoter	Name of the relative	Relationship with the Promoter
Mr. Harshad H. Thakkar	Mrs. Darshana H. Thakkar	Spouse
	Mrs. Harshaben Thakkar	Mother
	Mr. Rasiklal Thakkar	Father of Spouse
	Mrs. Ranjanaben Thakkar	Mother of Spouse
	Mrs. Rupal Thakkar	Sister of Spouse

b. Corporate entities forming part of our Promoter Group

There are no corporate entities forming part of our Promoter Group.

GROUP COMPANY

As on the date of this Draft Prospectus, there are no companies, firms, ventures, etc. promoted by the Promoter of our Company, irrespective of whether such entities are covered under section 370 (1)(B) of the Companies Act, 1956 or not except as mentioned below:

Unless otherwise specified, all information in this chapter is as on the date of this Draft Prospectus.

There is only one entity, the details of which are mentioned below, which form part of the “promoter group” as defined in regulation 2(1)(zb) of the SEBI (ICDR) Regulations:

Momai Apparels Private Limited

MAPL was incorporated on January 21, 2010 as a private limited company under the Companies Act and registered with the RoC. The CIN of MAPL is U18109MH2010PTC199178. The registered office of MAPL is situated at Shop No. 305-309, 3rd Floor, Pacific Plaza, Plot No. 570, TPS IV, Off Bhawani Shankar Road, Mahim Division, Dadar (West), Mumbai – 400 028, Maharashtra, India.

MAPL is engaged in the business of manufacturing of non-branded intimate garments i.e. products for our Company. MAPL has entered into an exclusive manufacturing agreement dated January 23, 2013 with our Company.

The main objects of MAPL are as follows:

1. To carry on the business of manufacturing, processing, buying, selling, exporting and dealing in all kinds of garments including silk, art silk, cotton, synthetics, man made, fabrics, textiles and clothes.
2. To carry on the business of spinners, weavers, manufacturers, ginners, pressers, packers and dealers of cotton, jute hemp silk, pure silk, artificial silk, wool, man made fibre and any other fibrous materials and the cultivation thereof and the business of weaving or otherwise manufacturing, bleaching, printing, selling yarn, cloth-linen and other goods and fabrics whether textiles, fibre-blended or looped and of buying, selling and dealing in cotton and other materials, yarn, cloth linen and other goods or merchandise made thereof and to carry on the business of cotton spinners and doublers, linen wool, yarn and cloth merchants, bleachers and dyers, makers of vitriol, bleaching and dyeing materials and to transact all manufacturing or curing and preparing processes and all mercantile business that may be necessary or expedient for the company and to purchase and sell raw materials and manufactured articles.

Capital Structure and Shareholding Pattern

The authorised share capital of MAPL is ₹ 7,50,00,000 divided into 75,00,000 equity shares of ₹10 each and the issued, subscribed and paid up capital of MAPL is ₹ 1,53,00,000 divided into 15,30,000 equity shares of ₹10 each as on the date of this Draft Prospectus. The shareholding pattern is as under:-

Name	No. of equity shares	Percentage of shareholding (%)
Mr. Harshad H. Thakkar	25,000	1.63
Mr. Dinesh C. Sodha	6,75,000	44.12
Mr. Hitesh Punjani	8,30,000	54.25
Total	15,30,000	100.00

Interest of our Promoter

Name	No. of equity shares	Percentage of shareholding (%)
Mr. Harshad H. Thakkar	25,000	1.63

Directors of MAPL

Sl. No.	Name of the Director	Date of appointment
1.	Mr. Harshad H. Thakkar	January 21, 2010
2.	Mr. Dinesh C. Sodha	January 21, 2010
3.	Mr. Vanita D. Sodha	July 3, 2012

Financial performance of MAPL

For further details, please refer to the section titled “*Financial Information*” on page no. 130 of this Draft Prospectus.

MAPL is not a sick company under the meaning of SICA and is not under winding up. Further, MAPL does not have a negative net worth.

Nature and extent of interest of MAPL

a. In the promotion of our Company

Other than the information mentioned in the points below, MAPL is not directly interested in the promotion of our Company.

b. In the properties acquired in the past two years preceding the date of this Draft prospectus or proposed to be acquired by our Company

Our Company has not acquired any property of MAPL. Our Promoter holds 25,000 equity shares constituting 1.63% of the issued, subscribed and paid-up capital in MAPL. Our Company proposes to invest in the equity shares thereby acquiring majority stake in MAPL. For further details, please refer to chapter titled “*Objects of the Issue*” on page no. 53 of this Draft Prospectus.

c. In transactions for acquisition of land, construction of building and supply of machinery

Our Company has leased its machinery to MAPL vide agreement dated January 31, 2013. Furthermore, our Company has entered into a leave and license agreement for its premises to MAPL vide agreement dated September 1, 2012.

We are not involved with MAPL in any transaction related to acquisition of land and construction of building.

For further details, please refer to chapter titled “*Our Business*” on page no. 85 of this Draft Prospectus.

Common Pursuits, business interest and sale or purchase amongst MAPL and our Company

The Company has entered into an exclusive manufacturing agreement with MAPL dated January 23, 2013, wherein MAPL manufactures products i.e. non-branded intimate garments exclusively for our Company based on design and specifications provided by our Company. For further details, please refer to chapter titled “*Our Business*” on page no. 85 of this Draft Prospectus.

Related Business Transactions with the Group Company and Significance on the Financial Performance of our Company

For details, please see the section titled “*Financial Information*” on page no. 130 of this Draft Prospectus.

Defunct Group Company

MAPL has neither remained defunct nor has any application been made to the RoC for striking off the name of MAPL, during the five years preceding the date of this Draft Prospectus.

Public issue or rights issue

MAPL has not made any public or rights issue in the last three years preceding the date of this Draft Prospectus. Further, MAPL is not listed on any stock exchange in India or abroad.

DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by the shareholders of our Company, in their discretion, subject to the provisions of the AOA and the Companies Act. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual restrictions and overall financial position of our Company. All the Equity Shares issued by our Company are *pari passu* and will be entitled to dividends on the same basis, if and when declared.

SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL STATEMENTS

Auditor's report for the restated financial statements of Ashapura Intimates Fashion Limited

The Board of Directors,
ASHAPURA INTIMATES FASHION LIMITED
Shop No 3-4, Ground Floor, Pacific Plaza, Plot No 507,
Off B S road, Mahim Division,
Dadar West,
Mumbai - 400 028

Dear Sirs,

1. At your request, we have examined the attached Restated Statement of Assets and Liabilities of Ashapura Intimates Fashion Limited (formerly known as Ashapura Intimates Fashion Private Limited), (**"the Company"** or **"Ashapura"** or **"AIFL"** or **"Ashapura Intimates Fashion"** or **"Ashapura Fashions"** or **"Organisation"**) as at September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 and the related Restated Statement of Profit & Loss Account and Restated Statement of Cash Flow for the six months period ended September 30, 2012 and financial year ended on March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 (collectively the **"Restated Summary Statements"** or **"Restated Financial Statements"**). These Restated Summary Statements have been prepared by the Company and approved by the Board of Directors of the company in connection with the Initial Public Offering (IPO) in SME Platform of BSE Limited (**"BSE"**).
2. This Restated Summary Statements has been prepared in accordance with the requirements of:
 - (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (**"Act"**);
 - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (**"ICDR Regulations"**) issued by the Securities and Exchange Board of India (**"SEBI"**) in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments / clarifications from time to time;
 - (iii) The terms of reference to our engagements with the Company letter Dated December 20, 2012 requesting us to carry out the assignment, in connection with the Draft Prospectus/ Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in SME Platform of BSE Limited (**"IPO"** or **"SME IPO"**); and
 - (iv) The Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (**"Guidance Note"**).
3. The Restated Summary Statements of the Company have been extracted by the management from the Audited Financial Statements of the Company for the six months period ended September 30, 2012 and financial year ended on March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 which have been approved by the Board of Directors.
4. In accordance with the requirements of Paragraph B(1) of Part II of Schedule II of Act, ICDR Regulations, Guidance Note and Engagement Letter , we report that:
 - (i) The **"Restated Statement of Asset and Liabilities"** as set out in **Annexure A** to this report, of the Company as at September 30, 2012, March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 are prepared by the Company and approved by the Board of Directors. This Statement of Asset and Liabilities, as restated have been arrived at after making

such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure D** to this Report.

- (ii) The “**Restated Statement of Profit and Loss Account**” as set out in **Annexure B** to this report, of the Company for the six months period ended September 30, 2012 and financial year ended on March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 are prepared by the Company and approved by the Board of Directors. This Statement of Profit and Loss Account, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure D** to this Report.
 - (iii) The “**Restated Statement of Cash Flow**” as set out in **Annexure C** to this report, of the Company for six months period ended September 30, 2012 and the financial year ended on March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 are prepared by the Company and approved by the Board of Directors. This Statement of Cash Flow, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Restated Summary Statements as set out in **Annexure D** to this Report.
5. Based on the above, we are of the opinion that the Restated Financial Statements have been made after incorporating:
- a) Adjustments for the changes in accounting policies retrospectively in respective financial years/period to reflect the same accounting treatment as per the changed accounting policy for all reporting periods.
 - b) Adjustments for prior period and other material amounts in the respective financial years/period to which they relate and there are no qualifications which require adjustments.
 - c) There are no extra-ordinary items that need to be disclosed separately in the accounts and qualifications requiring adjustments.
 - d) There were no qualification in the Audit Reports issued by the Statutory Auditors for the six months period ended September 30, 2012 and financial year ended on March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008, which would require adjustments in this Restated Financial Statements of the Company.
 - e) These Profits and Losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies and Notes to Restated Summary Statements as set out in **Annexure D** to this report.
6. Financial Statements for the six months period ended September 30, 2012 & Financial Year ended March 31, 2012 have been audited by M/s JDNG & Associates, Chartered Accountants and Financial Statements for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 were audited by M/s N. M. Jobanputra & Co, Chartered Accountants. Name and constitution of M/s N. M. Jobanputra & Co. Chartered Accountants was changed from Proprietorship Firm (M/s N. M. Jobanputra & Co.) to Partnership firm (M/s JDNG & Associates) vide agreement dated August 1, 2011 and consequently M/s JDNG & Associates have been appointed as the Statutory Auditor of the Company.

7. At your request, we have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company for the six months period ended September 30, 2012 and financial year ended on March 31, 2012, March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 proposed to be included in the Draft Prospectus / Prospectus (“**Offer Document**”).

Annexure E: Notes on material restatement and regrouping
Annexure F: Summary of Statement of Share Capital, as Restated
Annexure G: Summary of Statement of Reserve and Surplus, as Restated
Annexure H: List of Contingent Liabilities
Annexure I: Statement of Dividend declared
Annexure J: Details of Related Party Transactions for the year ended, as restated
Annexure K: Details of Other Income, as restated
Annexure L: Summary of Accounting Ratios
Annexure M: Statement of Secured Loans, as restated
Annexure N: Statement of Unsecured Loans, as restated
Annexure O: Schedule for Current Liabilities & Provisions, as restated
Annexure P: Statement of Debtors, as restated
Annexure Q: Details of Other Current Assets, as restated
Annexure R: Details of Loans & Advances, as restated
Annexure S: Capitalization Statement, as restated
Annexure T: Statement of Tax Shelters, as restated
Annexure U: Segmental Reporting, as restated

8. We, M/s. JDNG & Associates, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (“ICAI”) and hold a valid peer review certificate issued by the “Peer Review Board” of the ICAI (“**Statutory Auditor**”).
9. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company in accordance with the provisions of the Act and the Financial Information referred to above is the responsibility of the management of the Company.
10. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. In our opinion, the above financial information contained in Annexure A to U of this report read with the respective Significant Accounting Policies and Notes to Restated Summary Statements as set out in Annexure D are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note.
13. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the SME IPO. Our report should not be used, referred to or adjusted for any other purpose except with our consent in writing.

For JDNG & Associates
Chartered Accountants
Firm Registration No. 104315W
Sd/-
(CA Jayesh Rawal)
Partner
Membership No.104738
Date: January 15, 2013
Place: Mumbai

Annexure A

Restated Statement of Assets & Liabilities

₹ in Lacs

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
I. EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	530.86	530.86	31.03	17.01	9.30	1.00
(b) Reserves and Surplus	732.83	567.54	699.35	238.06	106.94	7.44
(2) Share application money pending allotment	360.00	-	-	0.06	-	-
(3) Non-Current Liabilities						
(a) Long-term borrowings	233.61	234.39	115.54	118.35	140.86	98.32
(b) Deferred tax liabilities (Net)	1.65	5.38	0.34	0.85	2.02	0.61
(c) Other Long term liabilities	162.79	146.26	110.26	48.00	56.52	18.90
(4) Current Liabilities						
(a) Short-term borrowings	3,553.58	3,204.15	1,768.39	738.70	476.41	396.38
(b) Trade payables	5,495.69	749.47	610.03	312.69	530.79	311.16
(c) Other current liabilities	72.50	56.86	7.72	-	-	3.44
(d) Short-term provisions	393.98	295.57	114.50	36.50	17.05	5.55
Total	11,537.49	5,790.48	3,457.16	1,510.22	1,339.89	842.80
II. Assets						
(1) Non-current assets						
(a) Fixed assets						
(i) Tangible assets	533.27	519.54	271.71	197.30	210.13	162.01
(ii) Capital work-in-progress	-	-	6.04	-	-	-
(b) Other non-current assets	15.44	0.32	0.71	1.11	1.50	0.41
(2) Current assets						
(a) Inventories	4,688.37	3,428.73	1,032.29	582.58	345.79	220.54
(b) Trade Receivables	6,040.78	1,630.67	1,966.37	669.62	710.40	317.29
(c) Cash and cash equivalents	55.94	9.78	65.28	3.72	1.34	31.04
(d) Short-term loans and advances	35.55	30.20	32.48	23.52	42.05	109.68
(e) Other current assets	168.14	171.24	82.28	32.37	28.68	1.83
Total	11,537.49	5,790.48	3,457.16	1,510.22	1,339.89	842.80

The accompanying significant accounting policies and notes are an integral part of this statement.

Annexure B

Restated Statement of Profit & Loss Account

₹ in Lacs

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
I. Income						
Sales – Exports	169.31	396.21	298.53	250.24	140.79	7.38
Sales – Domestic	5,603.40	9,892.11	4,752.85	2178.88	1314.81	345.33
Less: Excise duty	(37.11)	(141.57)	-	-	-	-
Net Sales	5,735.60	10,146.75	5,051.38	2,429.12	1,455.60	352.71
Other Income	11.74	35.35	28.65	28.69	26.47	1.99
Total-A	5,747.34	10,182.10	5,080.03	2,457.81	1,482.07	354.70
II. Expenditure						
Cost of materials consumed	5,876.17	9,532.63	4,327.33	1,688.66	1,211.13	327.60
Purchase of Stock-in-Trade	-	-	-	483.81	87.75	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(1,063.87)	(850.66)	(135.68)	(198.76)	(145.76)	(66.68)
Employee Benefits	91.96	122.84	91.94	64.05	45.33	15.03
Finance Charges	243.59	389.36	203.27	97.01	65.87	16.86
Depreciation and Amortization expense	47.62	46.86	31.02	31.02	21.55	7.13
Other expenses	291.90	417.86	344.91	225.67	158.49	41.16
Total-B	5,487.37	9,658.89	4,862.79	2,391.46	1,444.36	341.10
III. Profit before taxation (A-B)	259.97	523.21	217.24	66.35	37.71	13.60
Less: Tax Expenses						
-Current Tax	98.41	176.76	78.00	25.00	11.50	5.25
-Deferred	(3.73)	5.02	(0.50)	(1.16)	1.41	0.61
-Short provision of tax (previous year)	-	-	-	0.30	-	-
IV. Profit After Taxation as per audited statement of accounts (C)	165.29	341.43	139.74	42.21	24.80	7.74
Adjustments on account of changes in a accounting policies	-	-	-	-	-	-
Impact on account of material adjustments and prior period items	-	-	-	0.30	-	(0.30)
Total adjustments	-	-	-	0.30	-	(0.30)
Tax impact on adjustments	-	-	-	-	-	-
Total adjustments net of tax impact (D)	-	-	-	0.30	-	(0.30)
V. Adjusted profit/(loss)(C+D)	165.29	341.43	139.74	42.51	24.80	7.44
Surplus/(Deficit) brought forward from the Previous year	525.07	214.49	74.75	32.24	7.44	-
VI. Profit available for appropriation	690.36	555.92	214.49	74.75	32.24	7.44
Dividend	-	26.54	-	-	-	-
Tax on dividend	-	4.31	-	-	-	-
VII. Adjusted Available Surplus / (Deficit) carried forward	690.36	525.07	214.49	74.75	32.24	7.44

The accompanying significant accounting policies and notes are an integral part of this statement.

Annexure C

Restated Statement of Cash flow prepared from the Restated Financial Statements

₹ in Lacs

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit before taxation and extraordinary items:	259.97	523.21	217.24	66.35	37.71	13.60
Adjustments for:						
Depreciation	43.64	46.47	30.63	30.63	21.04	7.03
Finance charges	243.59	389.36	203.27	97.01	65.87	16.86
Interest Received	(0.07)	(6.67)	(4.76)	(0.98)	(2.63)	(0.03)
Miscellaneous Expenses Written Off	3.98	0.39	0.39	0.39	0.52	0.10
Cash generated from operations before Working Capital Changes	551.11	952.76	446.77	193.40	122.51	36.56
Adjustments for:						
Changes in Trade and Other Receivables	(5,671.99)	(2,067.56)	(1,755.94)	(173.23)	(462.74)	(649.07)
Changes in Trade and Other Payables	4,778.38	198.05	367.31	(226.62)	253.80	333.23
Cash generated from/(used in) Operations	(342.50)	(916.75)	(941.86)	(206.46)	(86.42)	(278.28)
Income Taxes paid (net)	-	(79.88)	(49.39)	(13.49)	(14.85)	(0.26)
Net Cash Flow from /(used in) Operating Activities	(342.50)	(996.63)	(991.25)	(219.95)	(101.27)	(278.54)
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES						
Purchase of Fixed Assets	(57.37)	(288.25)	(111.07)	(28.56)	(69.14)	(169.05)
Sale of Fixed Assets	-	-	-	10.77	-	-
Interest Received	0.07	6.67	4.76	0.98	2.63	0.03
Net Cash from / (used in) Investing Activities	(57.30)	(281.58)	(106.31)	(16.81)	(66.51)	(169.02)
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES						
Proceeds from Issue of Shares/Share Application Money.	360.00	57.45	335.51	96.37	83.00	-
Proceeds/(Repayment) from/of Short Term borrowings (net)	349.43	1,435.77	1,029.69	262.29	80.02	396.38
Proceeds/(Repayment) from/of Long Term Borrowings (net)	(0.78)	118.85	(2.81)	(22.51)	42.54	98.32
Finance Charges Paid	(243.59)	(389.36)	(203.27)	(97.01)	(65.87)	(16.86)
Preliminary Expenses Paid	(19.10)	-	-	-	(1.61)	(0.07)
Net Cash from / (used in) Financing Activities	445.96	1,222.71	1,159.12	239.14	138.08	477.77
Net increase / (decrease) in Cash and Cash Equivalents	46.16	(55.50)	61.56	2.38	(29.70)	30.21
Cash and Cash Equivalents at the beginning of the year	9.78	65.28	3.72	1.34	31.04	0.83
Cash and Cash Equivalents at the end of the year	55.94	9.78	65.28	3.72	1.34	31.04
Components of cash and cash equivalent						

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
- Cash and cheques on hand	3.50	2.38	3.93	3.45	0.71	7.74
- With banks	52.44	7.40	0.32	0.27	0.63	23.30
- On current account						
- On deposit account	-	-	61.03	-	-	-

The accompanying significant accounting policies and notes are an integral part of this statement.

Annexure D

Significant Accounting Policies & Notes to Accounts

I. Significant Accounting Policies

(A) BASIS OF ACCOUNTS

The Financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with applicable mandatory accounting standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended) and relevant presentational requirements of the Companies Act, 1956.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous years.

(B) PREVIOUS YEAR'S FIGURES

During the year ended March 31, 2012 the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. Therefore, the Company has reclassified previous year's figures to conform to classification mentioned in Revised Schedule VI notified under the Companies Act, 1956.

(C) USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amount of revenues and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized. Any revision to an accounting estimate is recognized prospectively in the year of revision.

(D) REVENUE RECOGNITION

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Sales are recognized on inward of goods at customer's end, where applicable as per terms of sale (for domestic) and on the date of bill of lading (for exports). Income arising on disposal of scrap/waste is recognized on receipt basis.

(E) TAXATION

Income Tax expense comprises current tax and deferred tax charge credit. Current tax is provided on the taxable income by applying tax rates and tax laws. The deferred tax for timing difference

between the book and tax profit for the year is accounted using tax rates and tax laws that have been enacted the Balance Sheet date. Deferred tax asset arising from the timing are recognized to the extent that there is reasonable certainty that sufficient future taxable income will be available.

(F) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized in the books of accounts and disclosed as notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

(G) IMPAIRMENT OF ASSETS

No material Impairment of Assets has been identified by the Company and as such no provision is required as per Accounting Standards (AS 28) notified under the Companies (Accounting Standard) Rules, 2006 (as amended).

(H) INVESTMENTS

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(I) EARNING PER SHARE

The Company reports basic and diluted earnings per equity share in accordance with (AS) 20, Earnings per share notified under the Companies (Accounting Standard) Rules, 2006 (as amended). Basic earnings share have been computed by dividend net income by the weighted average number of equity Shares outstanding for the period. Diluted earnings per equity shares have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

(J) SEGMENT REPORTING

Identification of segments

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

II. Notes to Accounts

- i. **Depreciation** - Depreciation on fixed assets has been provided on WRITTEN DOWN VALUE METHOD at the rate and in the manner specified in schedule XIV of the Companies Act, 1956.

- ii. **Micro, Small and Medium Enterprises Development Act, 2006**
Based on the information available with the Company in respect of MSME (as defined in the Micro Small & Medium Enterprise Development Act, 2006) there are no delays in payment of dues to such enterprises during the years/period.

- iii. **Tax on Income**

Current Tax: The current charge for income tax is calculated in accordance with the relevant provisions as prescribed under the Income Tax Act, 1961.

Deferred tax : Deferred Income Tax as required by the Accounting Standard – 22 notified under the Companies (Accounting Standard) Rules, 2006 (as amended) has been provided by the company.

- iv. **Retirement Benefits**

Liability for employee benefits, both short and long term, for present and past services which are due as per terms of employment are recorded in accordance with Accounting Standard (AS) 15 “Employee Benefits” as notified under the Companies (Accounting Standard) Rules, 2006 (as amended).

- a) **Gratuity and Retirement Benefits**

The management is of the opinion that since none of the employees of the Company were in continuous service of more than five years and accordingly making provision of the gratuity does not arise. However, if payment on account of gratuity arises due to happening of any incidents as provided under the applicable provisions of the law, the same will be accounted for on cash basis.

- b) **Provident Fund & Pension**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

- v. **Inventory Valuation:** The Inventories have been valued at cost. The Inventory is physically verified by the management at regular intervals. Cost of Inventory comprises of Cost of Purchase, Cost of Conversion and other Costs incurred to bring them to their respective present location and condition. Costs of Raw Materials and Packing Materials are determined on FIFO basis.

vi. **Foreign currency transactions and balances**

(i). **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii). **Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii). **Exchange differences**

The company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

vii. **Unhedged foreign currency exposure**

Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Export trade receivable (US\$ in Lacs)	1.68	1.17	-	0.43	-	-
Export trade receivable (₹ in Lacs)	91.78	60.96	-	19.40	-	-

viii. **SEGMENT REPORTING**

Primary Segment Information

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products and services produced. The Company solely deals in business segment of lounge wear. The entire operations are governed by the same set of risks and returns and hence, have been considered as representing a single primary segment.

Secondary segment information

Secondary information is reported geographically. The Company has identified two geographical segments "Domestic Segment" and "Export Segment". Domestic Segment represents sale of lounge wear in the Indian Markets and Export Segment represents sale of lounge wear globally except India.

₹ in Lacs

Particulars	Six months period ended September 30, 2012	Year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Revenue by geographical market						
Domestic	5,566.29	9,750.54	4,752.85	2,178.89	1,330.45	346.30
Export	180.41	420.88	322.42	276.23	144.97	6.95
Unallocated	0.64	10.68	4.76	2.69	6.65	1.45
Total revenue	5,747.34	10,182.10	5,080.03	2,457.81	1,482.07	354.70
Carrying amount of segment assets						
Domestic	5,949.00	1,569.71	1,966.37	669.62	710.40	317.29
Export	91.79	60.96	-	19.41	-	-
Unallocated	5,496.70	4,159.81	1,490.79	821.20	629.49	525.51
Total assets	11,537.49	5,790.48	3,457.16	1,510.22	1,339.89	842.80
Capital expenditure						
Unallocated						
Tangible assets	57.37	294.30	111.08	28.56	126.80	164.11

ix. **Additional information required pursuant to paragraphs 3, 4C & 4D of part II of Schedule VI of the Companies Act, 1956.**

₹ in Lacs

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Consumption of Raw Materials	5,741.82	8,972.76	3,866.11	1321.32	979.12	289.42
Consumable, Tools and Components	56.22	109.10	91.75	90.97	63.50	12.31
Value of Import on CIF Basis	NIL	NIL	NIL	NIL	NIL	NIL
Earning in Foreign Exchange (FOB Value of Export Sales)	169.31	396.21	298.53	250.24	140.79	7.38

x. **Payment to Directors**

₹ in Lacs

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Director Remuneration	36.00	45.00	33.00	22.80	11.40	3.75

xi. Contingent Liabilities:

<i>₹ in Lacs</i>						
Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at ended March 31, 2010	As at March 31, 2009	As at March 31, 2008
Estimated amount of Contracts remaining to be executed on Capital	-	-	10.00	-	-	25.00

- xii.** During the year ended March 31, 2007, the Company had taken over the running business of the proprietorship concern - Ashapura Apparels alongwith all assets and liabilities were transferred to the company with effect from November 1, 2007.

Annexure E

Notes on material restatement and regrouping

Material Restatement for Profit & Loss Account

Net Profit for the year appearing in Profit & Loss Account for the financial year ended March 31, 2008 and 2010 have been restated due to the head “Short Provision of Income Tax” aggregating ₹ 0.30 Lacs. The net profit for the year(s) March 31, 2008 and March 31, 2010 have decreased to ₹7.44 Lacs and increased to ₹42.51 Lacs respectively, post giving effect of the aforesaid restatement.

Thus, the Summary statement of Profit & Loss Account as Restated for the financial year ended March 31, 2008 and March 31, 2010 has been shown in the Profit & Loss Account and reclassified accordingly as under:-

Profit & Loss for the year March 31, 2008 and March 31, 2010 as Restated

<i>₹ in Lacs</i>		
Particulars	Year ended March 31, 2010	Year ended March 31, 2008
Net Profit for the year as per audited financial statements	42.21	7.74
Inc/(Decrease) in net profit as a result of adjustments for :		
- Prior Period Items (Short Provision of Income Tax)	0.30	(0.30)
Adjusted/Restated profit	42.51	7.44

Material Regrouping for Profit & Loss Account

- a. Up-to the financial year ended March 31, 2011; the Company has shown Electricity, Discount Allowed, Transport Charges and Power & Fuel Expenses under Manufacturing Expenses in audited Profit & Loss Account, from the financial year ended March 31, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956, the Company has regrouped the same under the head “Other Expenses” in Audited Profit & Loss Account. The summary statement of Profit & Loss Account as Restated for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 has been reclassified and shown accordingly.

- b. Up-to the financial year ended March 31, 2011; the Company has shown Wages and Salaries under Manufacturing Expenses in audited Profit & Loss Account, from the financial year ended March 31, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956, the Company has regrouped the same under the head "Employee Benefit Expenses" in Audited Profit & Loss Account. The summary statement of Profit & Loss Account as Restated for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 has been reclassified and shown accordingly.
- c. Up-to the financial year ended March 31, 2011; the Company has shown Staff welfare under Selling and Administrative Expenses in audited Profit & Loss Account, from the financial year ended March 31, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956, the Company has regrouped the same under the head "Employee Benefit Expenses" in Audited Profit & Loss Account. The summary statement of Profit & Loss Account as Restated for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 has been reclassified and shown accordingly.
- d. Up-to the financial year ended March 31, 2011; the Company has shown Director Remuneration under Separate head in audited Profit & Loss Account, from the financial year ended March 31, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956, the Company has regrouped the same under the head "Employee Benefit Expenses" in Audited Profit & Loss Account. The summary statement of Profit & Loss Account as Restated for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 has been reclassified and shown accordingly.
- e. Up-to the financial year ended March 31, 2011; the Company has shown Selling and Administrative Expenses as a separate head in audited Profit & Loss Account, from the financial year ended March 31, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956, the Company has regrouped the same under the head "Other Expenses" in Audited Profit & Loss Account. The summary statement of Profit & Loss Account as Restated for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 has been reclassified and shown accordingly.
- f. Up-to the financial year ended March 31, 2011; the Company has shown Fringe Benefit Tax Separate in audited Profit & Loss Account, from the financial year ended March 31, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956; the Company has regrouped the same under the head "Current Tax" in Audited Profit & Loss Account. The summary statement of Profit & Loss Account as Restated for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 has been reclassified and shown accordingly.

Material Restatement for Assets & Liabilities Restated

1. Profit and Loss account balance appearing in Balance Sheet as at March 31, 2008 and March 31, 2009 have been restated due to the head "Short Provision of Income Tax" aggregating ₹0.30 Lacs. The profit and loss account balance for the year March 31, 2008 and March 31, 2009 have decreased to ₹7.44 Lacs and ₹32.24 Lacs respectively, post giving effect of the aforesaid restatement.

Thus, the Summary statement of Profit & Loss Account as Restated for the financial year ended March 31, 2008, March 31, 2009 and March 31, 2010 has been shown in the Profit & Loss Account and reclassified accordingly as under:-

Profit & Loss account balance as at March 31, 2008, March 31, 2009 and March 31, 2010 as Restated

<i>₹ in Lacs</i>			
Particulars	Year ended March	Year ended March	Year ended March

	31, 2010	31, 2009	31, 2008
Profit and loss account balance as per audited financial statements	74.75	32.54	7.74
Increase/(Decrease) in net profit as a result of adjustments for:			
- Prior Period Items (Short Provision of Income Tax)	0.30	-	(0.30)
- Reduction of opening balance due to restatement	(0.30)	(0.30)	
Adjusted/Restated Profit and loss account balance	74.75	32.24	7.44

2. Provision for Income Tax balance appearing in Balance Sheet as at March 31, 2008 and 2009 have been restated due to the head "Short Provision of Income Tax" aggregating ₹0.30 Lacs. The Provision for Income Tax balance for the year(s) March 31, 2008 and March 31, 2009 have Increased to ₹5.55 Lacs and ₹17.05 Lacs respectively, post giving effect of the aforesaid restatement.

Thus, the Summary statement of Profit & Loss Account as Restated for the financial year ended March 31, 2008, March 31, 2009 and March 31 2010 has been shown in the Profit & Loss Account and reclassified accordingly as under:-

Provision for Income Tax balance as at March 31, 2008, March 31, 2009 and March 31, 2010 as Restated

₹ in Lacs

Particulars	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Provision for Income Tax account balance as per audited financial statements	36.50	16.75	5.25
Inc/(Decrease) in net profit as a result of adjustments for:			
- Prior Period Items (Short Provision of Income Tax)	(0.30)	-	0.30
- Increase of opening balance due to restatement	0.30	0.30	
Adjusted/Restated Provision for Income Tax	36.50	17.05	5.55

Material Regrouping for Assets & Liabilities Restated

- Up-to the financial year ended March 31, 2011; the Company has shown Bank Cash Credit Account under Secured Loans in audited Statement of Assets & Liabilities, from the financial year ended March 31, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956, the Company has regrouped the same under the head "Short Term Borrowings" in Audited Statement of Assets & Liabilities. The summary statement of Assets & Liabilities as Restated for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 has been reclassified and shown accordingly.
- Up-to the financial year ended March 31, 2011; the Company has shown Dealer's Deposits under Current Liabilities in audited Statement of Assets & Liabilities, from the financial year ended March 31, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956, the Company has regrouped the same under the head "Other Long Term Liabilities" in Audited Statement of Assets & Liabilities. The summary statement of Assets & Liabilities as Restated for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 has been reclassified and shown accordingly.
- Up-to the financial year ended March 31, 2011; the Company has shown Directors Loans under Unsecured Loans in audited Statement of Assets & Liabilities, from the financial year ended March 31, 2012, to meet the criteria of Revised Schedule VI of the Companies Act, 1956; the Company has regrouped the same under the head "Short Term Borrowings" in Audited Statement of Assets & Liabilities. The summary statement of Assets & Liabilities as Restated for the Financial Year ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 has been reclassified and shown accordingly.

Annexure F

Summary of Statement of Share Capital, as Restated

₹ in Lacs

Particulars	As at September 30, 2012		As at March 31, 2012		As at March 31, 2011		As at March 31, 2010		As at March 31, 2009		As at March 31, 2008	
	Nos.*	₹	Nos.*	₹	Nos.*	₹	Nos.*	₹	Nos.*	₹	Nos.*	₹
Authorised Equity Shares of ₹ 100/- Each	2,300.00	2,300.00	600.00	600.00	100.00	100.00	100.00	100.00	100.00	100.00	5.00	5.00
Issued, Subscribed & Paid up Equity Shares of ₹ 100/- Each	530.86	530.86	530.86	530.86	31.03	31.03	17.01	17.01	9.30	9.30	1.00	1.00

* Nos. - Number of shares in thousands

Annexure G

Summary of Statement of Reserve and Surplus, as Restated

₹ in Lacs

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Securities Premium Account						
Opening Balance	42.47	484.85	163.31	74.70	-	-
Additions During the year	-	-	321.55	88.61	74.70	-
Total	42.47	484.85	484.85	163.31	74.70	-
Less: Issue of Bonus Shares	-	442.38	-	-	-	-
Total (A)	42.47	42.47	484.85	163.31	74.70	-
Profit and loss account						
Opening Balance	525.07	214.49	74.75	32.24	7.44	-
Add: Profit/(Loss) for the year	165.29	341.43	139.74	42.51	24.80	7.44
Less: Appropriations						
Proposed Dividend	-	26.54	-	-	-	-
Dividend Distribution Tax	-	4.31	-	-	-	-
Total (B)	690.36	525.07	214.49	74.75	32.24	7.44
Total (A + B)	732.83	567.54	699.35	238.06	106.94	7.44

Annexure H

List of Contingent Liabilities

₹ in Lacs

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Estimated amount of Contracts remaining to be executed on Capital	-	-	10.00	-	-	25.00

Annexure I

Statement of Dividend declared

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Equity Dividend						
Equity Share Capital (<i>₹ in Lacs</i>)	-	530.86	-	-	-	-
Rate of Dividend (%)	-	5	-	-	-	-
Amount of Dividend (<i>₹ in Lacs</i>)	-	26.54	-	-	-	-
Preference Dividend	-	-	-	-	-	-
Tax on Dividend (<i>₹ in Lacs</i>)	-	4.31	-	-	-	-

Annexure J
Related party Transactions
1. List of related parties

i. Enterprises having significant influence the reporting enterprise
Nil

ii. Associates
Momai Apparels Private Limited (From January 21, 2010 till date)
Momai Apparels (From April 1, 2009 till date)
Ashapura Apparels (Upto March 31, 2009)

iii. Individuals (directly/indirectly) having control over the reporting enterprise / Key Managerial
Mr. Harshad H. Thakkar – Promoter & Director
Mrs. Darshana H. Thakkar – Shareholder & Director
Mr. Dinesh C. Sodha – Shareholder & Director

iv. Subsidiary
Nil

v. Joint Venture Companies
Nil

vi. Relatives of the individuals mentioned at (iii) with whom transactions have taken place during the period/ year
Ms. Harshaben Thakkar - Mother of Mr. Harshad H. Thakkar
Ms. Rupal R. Thakkar – Sister of Ms. Darshana H. Thakkar
Mr. Rasiklal Thakkar – Father of Ms. Darshana H. Thakkar
Mr. Surji G. Thakkar – Uncle of Mr. Harshad H. Thakkar
Mrs. Veenaben Thakkar – Aunt of Mr. Harshad H. Thakkar

2. Transactions with related parties
₹ in Lacs

Name of person / Nature of	Six months	Year ended
----------------------------	------------	------------

transaction	period ended September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
a. Key Managerial Personnel						
<u>Mr. Harshad H. Thakkar</u>						
Sale of goods	0.23	0.59	2.73	0.76	0.11	-
Director's remuneration	24.00	36.00	24.00	15.60	7.80	2.50
Rent paid	4.05	9.00	-	-	-	-
Loan Taken (net)	-	236.21	258.24	4.80	0.03	35.03
Repayment of loan (net)	-	277.33	221.92	12.65	14.54	7.87
<i>Closing balance</i>						
Share Application Money	220.00	-	-	-	-	-
Unsecured loans (liability)	-	-	41.12	4.80	12.65	27.16
<u>Mrs. Darshana H. Thakkar</u>						
Sale of goods	-	-	-	0.01	-	-
Director's remuneration	6.00	9.00	9.00	7.18	3.60	1.25
Loan Taken (net)	50.00	-	24.75	10.75	25.00	41.56
Repayment of loan (net)	50.00	-	28.50	7.00	25.21	41.35
<i>Closing balance</i>						
Unsecured loans (liability)	-	-	-	3.75	-	0.21
<u>Mr. Dinesh C. Sodha</u>						
Sale of goods	0.56	0.37	0.13	0.23	0.55	-
Sale Return	-	-	0.73	-	-	-
Commission	-	-	-	-	3.10	-
Director Remuneration	6.00					
Expenses	-	-	-	-	-	-
Loan disbursed (net)	-	-	-	10.00	-	2.18
Loan repaid (net)	-	-	-	10.00	2.18	-
Expenses reimbursed	-	0.51	0.97	2.49	-	-
Loan taken (net)	29.24	-	-	-	-	-
<i>Closing balance</i>						
Loans and advances	-	-	-	-	-	2.18
Debtors	-	2.97	1.40	0.98	0.55	-
Unsecured loans (taken)	29.24	-	-	-	-	-
b. Relative of key managerial persons						
<u>Ms. Rupal R. Thakkar</u>						
Loan taken (net)	-	-	-	-	-	30.00
Loan repaid (net)	-	-	-	-	30.00	-
<i>Closing balance</i>						
Unsecured loans	-	-	-	-	-	30.00
<u>Mrs. Veenaben Thakkar</u>						
Loan taken (net)	-	-	-	-	6.00	5.00
Loan repaid (net)	-	-	-	-	11.00	-
<i>Closing balance</i>						

Name of person / Nature of transaction	Six months period ended September 30, 2012	Year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Unsecured loans	-	-	-	-	-	5.00
c. Associate Enterprise						
<u>Ashapura Apparels</u>						
Repayment of loan	-	-	-	-	57.16	-
Interest on loan	-	-	-	-	6.12	-
Loan Taken (net)	-	-	-	-	-	51.03
<i>Closing balance</i>						
Unsecured loans	-	-	-	-	-	51.03
<u>Momai Apparels Private Limited</u>						
Purchase of raw materials	2,744.35	2,585.18	-	-	-	-
<i>Closing balance</i>						
Sundry Creditor	2,576.59	-	-	-	-	-
<u>Momai Apparels</u>						
Purchase of raw materials	467.83	36.85	42.68	369.34	-	-
Fixed Assets sold	-	-	-	10.69	-	-
Expenses	-	0.02	3.58	-	-	-
Embroidery, Dying & Printing	-	-	30.77	-	-	-
Sale of goods	114.66	63.61	37.64	423.73	-	-
Loan taken (net)	-	193.95	-	-	-	-
Repayment of Loan (net)	-	-	-	-	-	-
<i>Closing balance</i>						
Unsecured loans	193.95	193.95	-	-	-	-
Sundry Debtor	-	-	15.50	34.99	-	-
Sundry Creditor	444.27*	-	-	-	-	-

* net of balance in debtors account aggregating to ₹114.65

Issue of share capital to related parties (cash)

Name of person/ Nature of transaction	Six months period ended September 30, 2012	Year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
<u>Key Managerial Personnel</u>						
<u>Mr. Harshad H. Thakkar</u>						
Number of shares (face value ₹100)	-	57,452	6,490	7,345	4,200	-
Consideration (₹ in Lacs)	-	57.45	184.97	91.81	42.00	-
<u>Mrs. Darshana Thakkar</u>						
Number of shares (face value ₹100)	-	-	-	3,600	-	-

Consideration (₹ in Lacs)	-	-	-	45.00	-	-
Relatives of Key Managerial Personnel						
<u>Mrs. Rupal R. Thakkar</u>						
Number of shares (face value ₹100)	-	-	-	-	3,000	-
Consideration (₹ in Lacs)	-	-	-	-	30.00	-
<u>Mr. Rasiklal L. Thakkar</u>						
Number of shares (face value ₹100)	-	-	10	-	-	-
Consideration (₹ in Lacs)	-	-	0.20	-	-	-
<u>Mrs. Veenaben S. Thakkar</u>						
Number of shares (face value ₹100)	-	-	-	-	1,100	-
Consideration (₹ in Lacs)	-	-	-	-	11.00	-
<u>Mr. Surji G. Thakkar</u>						
Number of shares (face value ₹100)	-	-	-	10	-	-
Consideration (₹ in Lacs)	-	-	-	0.20	-	-

Issue of share capital to related parties (bonus)

Name of person/ Nature of transaction	Six months period ended September 30, 2012	Year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
<u>Key Managerial Personnel</u>						
<u>Mr. Harshad H. Thakkar</u>						
Number of shares (face value ₹100)	-	3,79,935	-	-	-	-
Consideration (₹ in Lacs)	-	Nil	-	-	-	-
<u>Mrs. Darshana Thakkar</u>						
Number of shares (face value ₹100)	-	4,300	-	-	-	-
Consideration (₹ in Lacs)	-	Nil	-	-	-	-
<u>Mr. Dinesh Sodha</u>						
Number of shares (face value ₹100)	-	37,500	-	-	-	-
Consideration (₹ in Lacs)	-	Nil	-	-	-	-
<u>Relatives of Key Managerial Personnel</u>						
<u>Mrs. Rupal R. Thakkar</u>						
Number of shares (face value ₹100)	-	15,000	-	-	-	-
Consideration (₹ in Lacs)	-	Nil	-	-	-	-
<u>Mr. Rasiklal L. Thakkar</u>						

Number of shares (face value ₹100)	-	50	-	-	-	-
Consideration (₹ in Lacs)	-	Nil	-	-	-	-
Mrs. Veenaben S. Thakkar						
Number of shares (face value ₹100)	-	5,500	-	-	-	-
Consideration (₹ in Lacs)	-	Nil	-	-	-	-
Mr. Surji G. Thakkar						
Number of shares (face value ₹100)	-	50	-	-	-	-
Consideration (₹ in Lacs)	-	Nil	-	-	-	-

Annexure K

Details of Other Income, as Restated

₹ in Lacs except unless otherwise specified

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008	Nature of Income (Recurring/ Non-recurring)	Related or not related to business activity
Interest on Fixed Deposits with banks	-	3.82	1.14	-	-	-		
Interest on Others	0.07	2.86	3.62	0.98	2.63	0.03	Recurring	Related
Rent Receipts	-	-	-	0.84	1.73	-	Non Recurring	Not Related
Duty Drawback	11.10	24.66	23.89	21.70	11.43	0.54	Recurring	Related
Miscellaneous receipts	0.57	4.01	-	5.17	10.68	1.42	Recurring	Related
Total (Gross other income)	11.74	35.35	28.65	28.69	26.47	1.99		
Net Profit Before Tax (NPBT) as restated	259.97	523.21	217.24	66.35	37.72	13.60		
Other Income as a % of NPBT	4.52%	6.76%	13.19%	43.24%	70.17%	14.65%		

Annexure L

Summary of accounting ratios

Sl. No.	Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
A	Net worth as per Balance Sheet (₹ in Lacs)	1,608.25	1,098.08	729.67	254.02	114.74	8.03
B	Profit/(Loss) after Tax, as restated (₹ in Lacs)	165.29	341.43	139.74	42.51	24.81	7.44

Sl. No.	Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
C	Weighted average number of Equity shares outstanding during the period (not annualized) / year	530,862	4,78,289	1,75,534	94,346	47,545	6,000
D	Adjusted Earnings per Share (₹) (B/C) (not annualized for the six months period ended September 30, 2012) (Face Value of ₹ 100 each)	31.14	71.38	79.61	45.06	52.16	124.02
E	Number of Equity outstanding at the end of the year/ period (Face Value of ₹ 100 each)	5,30,862	5,30,862	31,025	17,005	9,300	1,000
F	Net Assets Value Per Share (₹) (A/E) (Face Value of ₹ 100 each)	302.95	206.85	2,351.84	1,493.42	1,233.80	803.42
G	Return on Net Worth (%) (B/A)	54.56%	31.09%	19.15%	16.74%	21.61%	92.62%

Notes:-

1. An Earnings per Share is calculated in accordance with Accounting Standards 20 "Earning Per Share" notified under the Companies (Accounting Standard) Rules, 2006 (as amended). In terms of Para 24 of AS - 20, the number of Equity Shares outstanding before the issue of Bonus Shares is adjusted for the change in number of Equity Shares issued as bonus shares as if the shares were issued at the beginning of earliest reported period.
2. During the year ended March 31, 2012 the Company has issued 4,42,385 bonus issue to the Shareholders in the Ratio of five shares for every one share held by them. Since the Bonus Issue is an issue without consideration, it has been treated as if it had occurred from the beginning of the earliest period and accordingly treated for both purpose of computing EPS.
3. The above Ratios have been calculated based on Restated Financial Statements.
4. The E.P.S. calculated above is not in conformity with Audit Report of respective Financial Year due to change in the calculation of weighted average number of shares as mentioned below:

Financial Year ended on	E.P.S. as per Audit Report (₹)	Adjusted E.P.S. as per Financial Statement Restated (₹)
March 31, 2012	64.32	71.38
March 31, 2011	450.42	79.61
March 31, 2010	249.97	45.06
March 31, 2009	266.68	52.16
March 31, 2008	744.14	124.02

Calculation of Weighted Average Number of Shares during the Year

Sl. No.	Particulars	As at September 30, 2012	As at March 31,				
			2012	2011	2010	2009	2008
A	Total Number of Equity Share	5,30,862	31,025	17,005	9,300	1,000	1,000

Sl. No.	Particulars	As at September 30, 2012	As at March 31,				
			2012	2011	2010	2009	2008
	outstanding at the beginning of the year						
B	Equity Shares Issued During the year						
(i)	March 30, 2009 (Fresh Equity Shares issued of Face Value & Paid Up of ₹ 100/- each)	-	-	-	-	8,300	-
(ii)	March 31, 2010 (Fresh Equity Shares issued of Face Value & Paid Up of ₹ 100/- each)		-	-	7,705	-	-
(iii)	October 24, 2010 (Fresh Equity Shares issued of Face Value & Paid Up of ₹ 100/- each)	-	-	7,530	-	-	-
(iv)	March 25, 2011 (Fresh Equity Shares issued of Face Value & Paid Up of ₹ 100/- each)	-	-	6,490	-	-	-
(v)	March 1, 2012 ((Fresh Equity Shares issued of Face Value & Paid Up of ₹ 100/- each)	-	57,452	-	-	-	-
(vi)	March 30, 2012 (Bonus 5:1)	-	4,42,385	-	-	-	-
	Total Equity Shares at the end of the year (A +B)	5,30,862	5,30,862	31,025	17,005	9,300	1,000
C	Equity Shares in proportion to outstanding days remained during the year /period	-	4,879	3,404	21	45	-
D	Bonus Shares Issued	-	4,42,385	1,55,125	85,025	46,500	5,000
	Weighted Average number of Equity Shares outstanding during the year (A+C+ D)	5,30,862	4,78,289	1,75,534	94,346	47,545	6,000

Calculation of Net Worth, As Restated in Financial Statements

Notes:

Basic Earnings Per Share (₹) =	Net Profit after Tax before Extraordinary Items less Preference dividend
	----- Weighted Average Number of Equity Shares outstanding during the year
Basic Earnings Per Share (₹) =	Net Profit after Tax after Extraordinary Items less Preference dividend
	----- Weighted Average Number of Equity Shares outstanding during the year
Diluted Earnings Per Share (₹) =	Net Profit after Tax before Extraordinary Items less Preference dividend
	----- Weighted Average Number of Diluted Equity Shares outstanding during the year

Net Profit after Tax after Extraordinary Items less Preference dividend

Diluted Earnings Per Share (₹) = $\frac{\text{Net Profit after Tax after Extraordinary Items less Preference dividend}}{\text{Weighted Average Number of Diluted Equity Shares outstanding during the year}}$

Net worth excluding Revaluation Reserve

Net Asset Value Per Share (₹) = $\frac{\text{Net worth excluding Revaluation Reserve}}{\text{Number of Equity Shares outstanding during the year}}$

Net Profit after Tax and before Extraordinary Items

Return on Net Worth (%) = $\frac{\text{Net Profit after Tax and before Extraordinary Items}}{\text{Net worth excluding Revaluation Reserve}}$

Net Profit after Tax after Extraordinary Items

Return on Net Worth (%) = $\frac{\text{Net Profit after Tax after Extraordinary Items}}{\text{Net worth excluding Revaluation Reserve}}$

Net Worth = Equity Share Capital + Reserves & Surplus (Excluding revaluation reserve, if any) + Share Application Money (pending allotment) – Miscellaneous Expenditure + Preference Share Capital.

Net Profit, as restated as appearing in the summary statement of profit and losses, of the company has been considered for the purpose of computing the above ratios

₹ in Lacs

Particulars	As at September 30, 2012	As at March 31,				
		2012	2011	2010	2009	2008
Share Capital	530.86	530.86	31.03	17.01	9.30	1.00
Reserves & Surplus	732.83	567.54	699.35	238.06	106.94	7.44
Share Application Money (pending allotment)	360.00	-	-	0.06	-	-
Total	1,623.69	1,098.40	730.38	255.13	116.24	8.44
Less: Miscellaneous Expenditure to the extent not w/off	15.44	0.32	0.71	1.11	1.50	0.41
Net Worth	1,608.25	1,098.08	729.67	254.02	114.74	8.03

Annexure M

Statement of Secured Loans, as Restated

₹ in Lacs

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Term Loan (from Punjab National Bank)	-	-	90.53	113.38	140.86	98.32
Cash Credit facility	3,280.39	3,010.22	1,677.37	680.68	455.76	282.98
Packing Credit	-	-	49.90	49.46	8.00	-
Vehicle loan	20.65	22.71	3.01	4.98	-	-
Total	3,301.04	3,032.92	1,820.81	848.50	604.62	381.30

Details of Secured Loans for the latest financial period

Sl. No.	Nature of Borrowing / Debt	Name of Lender	Amount sanctioned (₹ in Lac)	Amount outstanding as on September 30, 2012 (₹ in Lac)	Rate of Interest (%)	Repayment Terms	Security
1	Car Loan	Punjab National Bank	22.12	20.65	13%	Equated Monthly Instalment of ₹0.41 Lacs payable in 84 monthly instalments	Motor Car
2	Cash Credit	Bank of Baroda	2,900.00	3,280.39	Base rate + 3.5%	Repayable on Demand	Hypothecation of Stock and Book Debts

Annexure N

Statement of Unsecured Loans, as Restated

₹ in Lacs

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Loan from Bank & Financial Institutes	212.96	211.68	22.00	-	-	-
Other than Short term	50.00	-	-	-	-	-
Loan from Directors, associate concerns and their relatives	223.19	193.95	41.12	8.55	12.65	113.40
Total	486.15	405.63	63.12	8.55	12.65	113.40

Details of Outstanding Unsecured Loans outstanding as on September 30, 2012

Sl. No.	Particulars of Loan	Bank / Parties Name	Outstanding Amount (₹ in Lacs)	Interest Rate p.a.	Repayment Terms
1	Business Loan	Momai Apparels & Mr. Dinesh C. Sodha	223.19	-	-
2	Business Loan	Barclays Bank	29.23	17.50%*	24 months
3	Business Loan	H.D.F.C. Bank	5.14	16.00%*	12 months
4	Business (SME) Loan	Magma Fincorp Limited	13.31	7.62%**	24 months
5	Business (SME) Loan	Magma Fincorp Limited	50.00	7.63%**	24 months
6	Business Loan	Religare Finvest Limited	27.11	17.00%*	24 months
7	Business Loan	Religare Finvest Limited	49.34	19.07%*	12 months
8	Business Loan	Kotak Mahindra Bank Limited	38.83	9.65%**	12 months

*on reducing balance

** flat rate

Annexure O

Details of Current Liabilities & Provisions, As Restated

₹ in Lacs

Particulars	As at September	As at March 31,	As at March 31,	As at March 31,	As at March 31,	As at March 31,
-------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

	30, 2012	2012	2011	2010	2009	2008
Current Liabilities						
Sundry Creditors	5,495.69	749.47	610.03	312.69	530.79	298.24
Expenses Payable	46.21	30.32	7.72	-	-	16.36
Total Current Liabilities	5,541.90	779.79	617.75	312.69	530.79	314.60
Provisions						
Proposed Dividend	26.28	26.54	-	-	-	-
Dividend Tax on proposed dividend	4.31	4.31	-	-	-	-
Provision for taxes	389.66	291.26	114.50	36.50	17.05	5.55
Total Provisions	420.25	322.11	114.50	36.50	17.05	5.55

Annexure P

Statement of Sundry Debtors, as Restated

₹ in Lacs

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Outstanding for a period exceeding six months	-	-	-	-	-	-
-Considered good	575.05	56.00	2.58	125.10	16.71	135.63
-Considered doubtful	-	-	-	-	-	-
Other Debts						
-Considered good	5,465.73	1,574.67	1,963.79	544.52	693.69	181.66
-Considered doubtful	-	-	-	-	-	-
Less: Provision	-	-	-	-	-	-
Total	6,040.78	1,630.67	1,966.37	669.62	710.40	317.29

Note: The above includes debts due from related parties which as disclosed under Annexure J

Annexure Q

Details of Other Current Assets, as Restated

₹ in Lacs

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Stock in Trade	4,688.37	3,428.73	1,032.29	582.58	345.79	220.54
Cash and bank	55.94	9.78	65.28	3.72	1.34	31.04
Total	4,744.31	3,438.51	1,097.57	586.30	347.13	251.58

Annexure R

Details of Loans and Advances, as Restated

₹ in Lacs

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Advances recoverable in cash or in kind or for value to be received						
- considered good	49.58	47.83	41.73	23.51	42.05	109.68

Other Debts						
- Deposits & Retentions	1.79	1.29	0.59	9.33	13.57	1.57
- Advance tax	152.32	152.32	72.44	23.05	15.11	0.26
Total	203.69	201.44	114.76	55.89	70.73	111.51

Note: The above includes debts due from related parties which is detailed in Annexure J.

Annexure S

Capitalization Statement

₹ in Lacs

Particulars	Pre-Issue As At September 30, 2012	Post-Issue*
Debt		
Short Term Debt	3,553.58	3,553.58
Long Term Debt	233.61	233.61
Total Debt	3,787.19	3,787.19
Shareholders' Fund		
Share Capital		
- Equity	530.86	1,946.72
Securities Premium	42.47	1,575.00
Profit and Loss Account Balance	690.36	[●]
Total Shareholders' Fund	1,263.69	[●]
Long term Debt/ Shareholders' Funds (Ratio)	3.00	[●]

Note: The capitalization statement has been calculated on the basis of restated financial statements.

* The Post Issue Capitalization Statement assumes that Debt Level of the Company to be same as that of September 30, 2012.

Annexure T

Statement of Tax Shelters

₹ in Lacs

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Profit/(Loss) before tax but after Extraordinary items as per books (A)	259.97	523.21	217.24	66.35	37.72	13.60
Tax Rate (%)	32.4450	32.4450	33.2175	30.90	30.90	30.90
Tax at notional rate on profits	84.34	169.76	72.16	20.49	11.65	4.20
Adjustments:						
Permanent Differences (B)						
Less: Deduction U/S 80G	-	-	-	-	-	-
Total Permanent Differences (B)	-	-	-	-	-	-
Timing Differences (C)						
Difference between tax depreciation and book depreciation	11.50	21.36	1.51	3.77	(4.58)	(1.98)
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis (net)	-	-	-	(0.09)	(3.25)	3.34
Total Timing Differences (C)	11.50	21.36	1.51	3.68	(7.83)	1.36

Net Adjustments (B+C)	11.50	21.36	1.51	3.68	(7.83)	1.36
Tax Saving thereon			-			
Profit/(Loss) as per Income Tax Returns (D)=(A-B-C)	*	544.57	218.75	70.02	29.88	14.96
Brought Forward Losses adjusted (E)	-	-	-	-	-	-
Taxable Income/(Loss) (D+E)	*	544.57	218.75	70.02	29.88	14.96
Taxable Income/(Loss) as per MAT	*	523.21	217.24	66.35	37.72	13.60
Tax as per Income tax as returned	*	176.68	72.66	21.64	9.24	4.62
Interest u/s 234	*	17.06	5.57	1.40	0.43	0.48
Total Tax as per return	*	193.74	78.23	23.04	9.67	5.10

* not applicable since the returns are filed on fiscal year basis.

Annexure U

Segmental Reporting

Primary Segment Information

The primary segment reporting format is determined to be business segments as the company's risks and rates of return are affected predominantly by differences in the products and services produced. The Company solely deals in business segment of lounge wear. The entire operations are governed by the same set of risks and returns and hence, have been considered as representing a single primary segment.

Secondary segment information

Secondary information is reported geographically. The Company has identified two geographical segments "Domestic Segment" and "Export Segment". Domestic Segment represents sale of lounge wear in the Indian Markets and Export Segment represents sale of lounge wear globally except India.

₹ in Lacs

Particulars	Six months period ended September 30, 2012	Year ended				
		March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
<u>Revenue by geographical market</u>						
Domestic	5,566.29	9,750.54	4,752.85	2,178.89	1,330.45	346.30
Export	180.42	420.87	322.43	276.24	144.96	6.95
Unallocated	0.64	10.68	4.76	2.69	6.65	1.45
Total revenue	5,747.34	10,182.09	5,080.03	2,457.81	1,482.06	354.70
<u>Carrying amount of Segment assets</u>						
Domestic	5,949.00	1,569.71	1,966.37	669.62	710.40	317.29
Export	91.78	60.96	-	19.41	-	-
Unallocated	5,496.70	4,159.81	1,490.79	821.20	629.49	525.52
Total assets	11,537.48	5,790.49	3,457.16	1,510.22	1,339.89	842.80
Capital expenditure						
Unallocated						
Tangible assets	57.37	294.30	111.08	28.56	126.80	164.11

Financial Information as required under Schedule VIII Part A point no (IX) [Financial Statements] Para B and sub para 5 (a) and (b) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009

To,
The Board of Directors,
ASHAPURA INTIMATES FASHION LIMITED
Shop No 3-4, Ground Floor,
Pacific Plaza, Plot No. 507,
Off B. S. Road, Mahim Division,
Dadar West,
Mumbai 400 028

Dear Sirs,

At your request, we have examined the attached Statement of Assets and Liabilities of Momai Apparels Private Limited, (“**MAPL**”) as at September 30, 2012, March 31, 2012, March 31, 2011 and March 31, 2010, and the related Statement of Profit & Loss Account for the six months period ended September 30, 2012 and financial year ended on March 31, 2012 and period ended March 31, 2011 (collectively the “**Accounts of MAPL**”). These Accounts of MAPL have been prepared by MAPL and approved by the Board of Directors of MAPL and submitted to Ashapura Intimates Fashion Limited (formerly known as Ashapura Intimates Fashion Private Limited) (“**AIFL**”) in connection with the Initial Public Offering (IPO) in SME Platform of BSE Limited (“**BSE**”) of AIFL.

As required under Schedule VIII Part A point no (IX) [Financial Statements] para B and sub para 5 (a) and (b) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereof (“**ICDR Regulations**”), we have examined the financial information contained in Annexure IA, IB & IC to this report which is proposed to be incorporated in the Offer Document of AIFL in connection with its proposed public issue of equity shares.

Schedule VIII Part A point no (IX) [Financial Statements] para B and sub para 5 (a) and (b) of ICDR Regulations require that

“(a) If:

- (i) the proceeds, or any part of the proceeds, of the issue of the shares or debentures are or is to be applied directly or indirectly in any manner resulting in the acquisition by the issuer of shares in any other body corporate; and
- (ii) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate will become a subsidiary of the issuer; a report shall be made by accountants (who shall be named in the offer document) upon:
 - the profits or losses of the other body corporate for each of the five financial years immediately preceding the issue of the offer document; and
 - the assets and liabilities of the other body corporate at the last date to which its accounts were made up.

(b) The said report shall:

- (i) indicate how the profits or losses of the other body corporate dealt with by the report would, in respect of the shares to be acquired, have concerned members of the issuer and what allowance would have fallen to be made, in relation to assets and liabilities so dealt with for holders of other shares, if the issuer had at all material times held the shares to be acquired; and

- (ii) where the other body corporate has subsidiaries, deal with the profits or losses and the assets and liabilities of the body corporate and its subsidiaries in the manner provided by sub-clause (a) (ii) above in relation to the issuer and its subsidiaries.”

We understand that a part of the proceeds of the proposed public issue of the Company is proposed to be utilized for acquiring 51 percent stake of the total paid up equity capital of MAPL.

Based on our examination of the financial statements provided to us, of MAPL, we certify that the enclosed Financial Statements, as required under Schedule VIII Part A point no (IX) [Financial Statements] para B and sub para 5 (a) and (b) of ICDR Regulations, have been drawn up following the applicable mandatory accounting standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended) and the Accounts of MAPL for the six months period ended September 30, 2012 and financial year ended on March 31, 2012 and period ended March 31, 2011 have been presented in Annexure IA, IB & IC of this report.

For JDNG & Associates
Chartered Accountants
Firm Registration No. 104315W

Sd/-
(CA Jayesh Rawal)
Partner
Membership No. 104738

Date: January 24, 2013
Place: Mumbai

Annexure IA

Statement of Assets and Liabilities

₹ in Lacs

Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	5.00	5.00	5.00
(b) Reserves and Surplus	120.71	58.21	-
(2) Non-Current Liabilities			
(a) Long-term borrowings	0.08	0.08	-
(3) Current Liabilities			
(a) Trade payables	4,510.75	680.71	0.28
(b) Short-term provisions	58.50	30.00	-
Total	4,695.04	774.00	5.28
II. ASSETS			
(1) Non-current assets			
(a) Long term loans and advances	250.66	150.00	-
(b) Other non-current assets	0.64	0.85	1.06
(2) Current assets			
(a) Inventories	924.60	92.60	-
(b) Trade receivables	3,512.91	522.81	-
(c) Cash and cash equivalents	6.23	7.74	4.22
Total	4,695.04	774.00	5.28

For JDNG & Associates
Chartered Accountants
Firm Registration no. 104315W

Sd/-
(CA Jayesh Rawal)
Partner
Membership No.104738
Date: January 24, 2013
Place: Mumbai

Annexure IB

Statement of Profit & Loss Account

₹ in Lacs

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Period ended March 31, 2011
I. Income			
Revenue from operations	3,620.42	3,152.99	-
Total - A	3,620.42	3,152.99	-
II. Expenditure			
Cost of materials consumed	4,351.52	3,147.67	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(832.00)	(92.60)	-
Employee benefit expense	6.88	3.79	-
Financial costs	0.00	0.01	-
Depreciation and amortization expense	0.21	0.21	-
Other expenses	2.81	5.70	-
Total - B	3,529.42	3,064.78	-
III. Profit before taxation (A-B)	91.00	88.21	-
Less: Tax Expenses			
-Current Tax	28.50	30.00	-
IV. Profit After Taxation (C)	62.50	58.21	-
Surplus brought forward from the Previous year	58.21	-	-
V. Surplus carried forward	120.71	58.21	-
VI. Earning per equity share			
(1) Basic	125.00	116.41	-
(2) Diluted	125.00	116.41	-

For JDNG & Associates
Chartered Accountants
Firm Registration no 104315W

Sd/-
(CA Jayesh Rawal)
Partner
Membership No.104738
Date: January 24, 2013
Place: Mumbai

Annexure IC

1. Impact of profit and loss of the MAPL for the member of AIFL (had AIFL held 51% stake in MAPL since its incorporation on January 21, 2010)

(₹ in Lacs)

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Period ended March 31, 2011
Profit of the period/year	62.50	58.21	-
Profit of the period/year representing 51% stake in MAPL	31.25	29.69	-
Minority Interest (49%)	31.25	28.52	-

2. Impact In relation to assets and liabilities so dealt with for holders of other shares (had AIFL held 51% stake in MAPL since its incorporation on January 21, 2010)

(₹ in Lacs)

Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Period ended March 31, 2011
Assets as at year/period end	4,695.03	774.00	5.28
Profit of the period/year representing 51% stake in MAPL	2,394.47	394.74	2.69
Minority Interest (49%)	2,300.56	379.26	2.59
Liabilities as at year/period end	4,569.33	710.79	0.28
Profit of the period/year representing 51% stake in MAPL	2,330.36	362.50	0.14
Minority Interest (49%)	2,238.97	348.29	0.14

Elimination entries

Elimination effects as per Accounting Standard 21 - "Consolidated Financial Statements" would have been required for the following:

1. ₹ 2, 744.35 and ₹ 2,585.18 representing purchase of raw materials for six months period ended September 30, 2012 and year ended March 31, 2012 respectively by AIFL from MAPL
2. ₹ 2, 576.59 representing trade receivable from AIFL in books of MAPL and vice versa.

Note:

As per Paragraph 13 (relevant extracts) of the Accounting Standard 21 "Consolidated Financial Statements" notified under the Companies (Accounting Standard) Rules, 2006 (as amended)

"(b) any excess of the cost to the parent of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, should be described as goodwill to be recognized as an asset in the consolidated financial statements;

(c) when the cost to the parent of its investment in a subsidiary is less than the parent's portion of equity of the subsidiary, at the date on which investment in the subsidiary is made, the difference should be treated as a capital reserve in the consolidated financial statements;"

We understand that post acquisition; AIFL shall make necessary disclosures as per the requisite accounting standard in the Financial Statements.

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

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements for the six months period ended as of September 30, 2012 and for the financial year ended on March 31, 2012, 2011, 2010, 2009, 2008 and prepared in accordance with paragraph B (1) of Part (II) of Schedule II to the Companies Act, guidance note issued by ICAI and the SEBI (ICDR) Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the chapter titled "Restated Financial Statements" on page no. 130 this Draft Prospectus. Unless otherwise stated, the financial information used in this chapter is derived from the restated financial statements of our Company.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section titled "Risk Factors" on page no. 13 of this Draft Prospectus.

You should read the following discussion of our financial condition and results of operations together with the Financial Statements, the notes and significant accounting policies thereto and the reports thereon, in "Restated Financial Statements". The Financial Statements are based on Indian GAAP, which differ in certain significant respects from U.S. GAAP and IFRS.

Our financial year ends on March 31 of each year, so all references to a particular FY are to the twelve-months period ending on March 31 of that year.

OVERVIEW

Our Company is in the business of designing, branding, marketing and retailing intimate garments such as loungewear, bridal night wear, honeymoon sets, bathrobes and night wear since incorporation. We expanded our product portfolio by adding other intimate garments such as sportswear, womens innerwear including lingerie in the year 2011 which in our opinion are fast growing segments with growth opportunities.

Our products such as loungewear, bridal night wear, honeymoon sets and bathrobes under the brands "Valentine" and "N-Line" are available through our large network of distributors to our customers in India as well as other countries. Our products are well received especially in MENA region. Our products such as night wear, maternity feeding night wear and bridal night wear (two pieces) are marketed under the brand "Night & Day". Further in the year of 2011, we started marketing and distribution of sportswear, women's innerwear and lingerie's under the brands "Valentine Sportswear", "Valentine Secret Skin" & "Valentine Pink" respectively by leveraging our existing network.

Our Company measures success in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of our 40 (forty) staff members and is consciously upheld by our network comprising of, 75 (seventy-five) distributors including an overseas distributor and 10 (ten) C&F agents and various MBOs such as Vijay Store Private Limited, Big Life by JDS Apparels Private Limited, Chunmun by Chunmun Stores Private Limited, La Lingerie by S&D Fashions, etc. operating in different regions of India. Besides these MBOs mentioned above, we also retail through our online platform title "www.valentineloungeweargroup.com". Furthermore, we have expanded our presence into retailing through e-commerce by entering into agreements with online vendors such as indiaplaza.com and snapdeal.com.

For the year ended March 31, 2012, we had net sales of ₹10,146.74 Lacs and net profit after tax of ₹ 341.42 Lacs, as compared to net sales of ₹ 5,051.38 Lacs and net profit after tax of ₹ 139.74 Lacs for the year ended March 31, 2011.

Our net sales have grown at a CAGR of 131.59% from ₹ 352.71 Lacs for the year ended March 31, 2008 to ₹10,146.74 Lacs (excluding extraordinary items) for the year ended March 31, 2012. Our PAT has grown at a CAGR of 160.26% from ₹ 7.44 Lacs for the year ended March 31, 2008 to ₹ 341.42 Lacs (excluding extraordinary items) for the year ended March 31, 2012.

Significant Accounting Policies

(A) BASIS OF ACCOUNTS

The Financial statements are prepared under the historical cost convention, on the accrual basis of accounting in accordance with applicable mandatory accounting standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended) and relevant presentational requirements of the Companies Act, 1956.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous years.

(B) PREVIOUS YEAR'S FIGURES

During the year ended March 31, 2012 the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. Therefore, the Company has reclassified previous year's figures to conform to classification mentioned in Revised Schedule VI notified under the Companies Act, 1956.

(C) USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amount of revenues and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized. Any revision to an accounting estimate is recognized prospectively in the year of revision.

(D) REVENUE RECOGNITION

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Sales are recognized on inward of goods at customer's end, where applicable as per terms of sale (for domestic) and on the date of bill of lading (for exports). Income arising on disposal of scrap/waste is recognized on receipt basis.

(E) TAXATION

Income Tax expense comprises current tax and deferred tax charge credit. Current tax is provided on the taxable income by applying tax rates and tax laws. The deferred tax for timing difference between the book and tax profit for the year is accounted using tax rates and tax laws that have been enacted the Balance Sheet date. Deferred tax asset arising from the timing are recognized to the extent that there is reasonable certainty that sufficient future taxable income will be available.

(F) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized in the books of accounts and disclosed as notes to accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

(G) IMPAIRMENT OF ASSETS

No material Impairment of Assets has been identified by the Company and as such no provision is required as per Accounting Standards (AS 28) notified under the Companies (Accounting Standard) Rules, 2006 (as amended).

(H) INVESTMENTS

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(I) EARNING PER SHARE

The Company reports basic and diluted earnings per equity share in accordance with (AS) 20, Earnings per share notified under the Companies (Accounting Standard) Rules, 2006 (as amended). Basic earnings share have been computed by dividend net income by the weighted average number of equity Shares outstanding for the period. Diluted earnings per equity shares have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

(J) SEGMENT REPORTING

Identification of segments

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

Factors affecting our results of Operations

A number of general factors affected our financial performance during FY 2009, FY 2010, FY 2011, FY 2012 and the six months period ended September 30, 2012. The factors which may affect our financial performance in the future include the following:

Conditions and performance of the intimate garments market

The intimate garments business is characterized by constant product innovation due to changing consumer preferences and fashion trends. We must be able to retain and continue to attract a talented design team to stay abreast with the changing consumer preferences and fashion trends. Failure to identify and respond to changes in consumer preferences and to launch new designs on a regular basis could, among other things, may affect consumer recognition of our products and consequently lower our sales.

Labour Costs

The activities of our Company are labour intensive. In the event, wages payable to labourers or any other allied costs increases it could have a material adverse effect on our operations and financial conditions. In addition, if there is any delay in delivery of our products to our customers it may be detrimental to our business and profitability.

Product and product mix

Our results of operations may be affected due to our inability to identify the precisely and speedily to changing consumer preferences and taste. Therefore, the changes that we may incorporate into our product mix may not have a favorable impact on business of our Company and results of operations.

Availability of finance on commercially viable terms

Our Company has availed certain credit facilities for business. For the same, our Company is subject to certain restrictive covenants wherein we are required to maintain certain financial ratios and comply with other terms and conditions imposed by our lenders. There can be no assurance that debt or equity financing or our internal accruals will be available or sufficient to fund our growth plans. Following limitation may restrict our ability to obtain required capital on acceptable terms in addition to other uncertainties:

- limitations on our ability to incur additional debt, as a result of prospective lenders' evaluations of our creditworthiness and due to restrictions on further incurrence of debt in our existing and anticipated credit facilities;
- our future results of operations, financial condition and cash flows.

Due to our inability to raise sufficient capital to finance our growth plans, the business of our Company and results of operations may be adversely affected.

For further details of the credit facilities please refer to the chapter titled "*Financial Indebtedness*" on page no. 172 of this Draft Prospectus.

Macroeconomic factors

Macroeconomic factors such as an economic instability, political uncertainty, social upheavals or any other events beyond our control may have an adverse effect on the business of our Company and results of operations.

Results of Operations for the six months period ended on September 30, 2012 and Financial Year Ended March 31, 2012, 2011 and 2010.

The following table sets forth certain information with respect to our results of operations for the periods indicated:

Particulars	Six months period ended September 30, 2012		Year ended March 31, 2012		Year ended March 31, 2011		Year ended March 31, 2010	
	₹ in Lacs	% of Total Income	₹ in Lacs	% of Total Income	₹ in Lacs	% of Total Income	₹ in Lacs	% of Total Income
INCOME								
Revenue from Operations	5,735.60	99.80%	10,146.74	99.65%	5,051.38	99.44%	2,429.13	98.83%
Other Income	11.74	0.20%	35.35	0.35%	28.65	0.56%	28.69	1.17%
TOTAL INCOME	5,747.34	100.00%	10,182.09	100.00%	5,080.03	100.00%	2,457.81	100.00%
EXPENDITURE								
Cost of materials consumed	5,876.17	102.24%	9,532.63	93.62%	4,327.33	85.18%	1,688.66	68.71%
Purchase of Stock-in-Trade	-	0.00%	-	0.00%	-	0.00%	483.81	19.68%
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(1,063.87)	-18.51%	(850.66)	-8.35%	(135.68)	-2.67%	(198.76)	-8.09%
Employee benefit expense	91.95	1.60%	122.84	1.21%	91.94	1.81%	64.05	2.61%
Financial charges	243.59	4.24%	389.36	3.82%	203.27	4.00%	97.01	3.95%
Depreciation and amortization expense	47.62	0.83%	46.86	0.46%	31.02	0.61%	31.02	1.26%
Other expenses	291.90	5.08%	417.86	4.10%	344.90	6.79%	225.67	9.18%
TOTAL EXPENDITURE	5,487.38	95.48%	9,658.88	94.86%	4,862.78	95.72%	2,391.47	97.30%
Profit Before Tax and Extra Ordinary Items	259.97	4.52%	523.21	5.14%	217.24	4.28%	66.34	2.70%
Extra Ordinary Income/Expenses	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Profit Before Tax but after Extra Ordinary Items	259.97	4.52%	523.21	5.14%	217.24	4.28%	66.34	2.70%
Taxation	94.68	1.65%	181.79	1.79%	77.50	1.53%	24.14	0.98%
Profit after Tax and Extra Ordinary Items/prior Period Items	165.29	2.88%	341.42	3.35%	139.74	2.75%	42.21	1.72%
Restated Adjustment	-	0.00%		0.00%		0.00%	(0.30)	-0.01%
Profit after Tax and Extra Ordinary Items/prior Period Items as restated	165.29	2.88%	341.42	3.35%	139.74	2.75%	42.51	1.73%

Comparison of fiscals

Fiscal 2012 in comparison to Fiscal 2011

Total Income

Our total income increased by 100.43% to ₹ 10,182.09 Lacs in the Fiscal 2012 from ₹5,080.03 Lacs in the Fiscal 2011. This rise is due to the fact that Revenue from Operation have increased from ₹ 5,051.38 Lacs in the Fiscal 2011 to ₹ 10,146.74 Lacs in the Fiscal 2012.

Revenue from Operations

Our revenue from operations increased by 100.87% to ₹ 10,146.74 Lacs in the Fiscal 2012 from ₹ 5,051.38 Lacs in the Fiscal 2011. The increase is attributable to increased production and increased sale of intimate garments. Our Company has adopted new marketing strategies which have led to an expansion of our client base, thus having a positive impact on our sales. Moreover, the increase in sales is also attributable to the introduction of new product categories and new styles in the existing category of the products.

Other Income

Our other income amounted to ₹ 35.35 Lacs in the Fiscal 2012, primarily due to the income generated from duty drawback and interest received amongst others.

Total Expenditure

Our total expenditure increased to ₹ 9,658.88 Lacs in the Fiscal 2012 from ₹ 4,862.78 Lacs in the Fiscal 2011. However, as a percentage of our total income, our total expenditure decreased to 94.86% in the Fiscal 2012 from 95.72% in the Fiscal 2011. The decrease of our total expenditure as a percentage to the total income is attributable to the increase in the production volumes and optimum utilization of resources thereby providing economies of scale.

Material Consumed

Our material consumption expenses as a percentage to our total income increased to 93.62% or ₹ 9,532.63 Lacs in the Fiscal 2012 from 85.18% or ₹ 4,327.33 Lacs in the Fiscal 2011, primarily on account of increase in purchases during the year and increase in labour charges.

Fiscal 2011 in comparison to Fiscal 2010

Total Income

Our total income increased by 106.69% to ₹ 5,080.03 Lacs in the Fiscal 2011 from ₹ 2,457.81 Lacs in the Fiscal 2010. This rise is attributable to the fact that revenue from operation have increased from ₹ 2,429.13 Lacs in the Fiscal 2010 to ₹ 5,051.38 Lacs in the Fiscal 2011.

Revenue from Operation

Our revenue from operation increased by 107.95% to ₹ 5,051.38 Lacs in the Fiscal 2011 from ₹ 2,429.13 Lacs in the Fiscal 2010. The increase is attributable to the increase in the client base which was a result of our Company's initiative to introduce new products and styles based on consumer preferences and comforts.

Other Income

Our other income amounted to ₹ 28.65 Lacs in the Fiscal 2011, primarily due to the income generated from duty drawback and interest received amongst others.

Total Expenditure

Our total expenditure increased to ₹ 4,862.78 Lacs in the Fiscal 2011 from ₹ 2,391.47 Lacs in the Fiscal 2010. However, as a percentage of our total income, our total expenditure decreased to 95.72% in the Fiscal 2011 from 97.30% in the Fiscal 2010. The decrease of our total expenditure as a percentage to the total income is attributable to the increase in the production volumes and optimum utilization of resources thereby providing economies of scale.

Material Consumed

Our material consumption expenses as a percentage to our total income increased to 85.18% or ₹ 4,327.33 Lacs in the Fiscal 2011 from 68.71% or ₹ 1,688.66 Lacs in the Fiscal 2010, primarily on account of increase in purchases during the year and increase in labour charges.

Liquidity and Capital Resources

We finance our working capital requirements primarily through funds generated from operations and working capital facilities from banks and other financial institutions.

Cash Flows

Set forth below is a summary of our cash flow data for the periods indicated:

(₹ in Lacs)				
Particulars	Six months period ended September 30, 2012	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Cash and cash equivalents at the beginning of the year	9.78	65.28	3.72	1.34
Net cash flows generated from / (used in) operating activities	(342.50)	(1,037.74)	(958.66)	(231.94)
Net cash flows used in investing activities	(57.30)	(281.59)	(106.32)	(16.82)
Net cash flows generated from / (used in) financing activities	445.95	1,263.83	1,126.55	251.15
Cash and cash equivalents at the end of the year	55.94	9.78	65.28	3.72

Capital Expenditure

Planned Capital Expenditure

We expect to incur additional capital expenditure and other capital costs in connection with the modernization of machineries as described in the chapters titled “Objects of the Issue” and “Our Business” on page no. 53 and page no. 85 respectively of this Draft Prospectus.

Contingent liabilities

₹ in Lacs						
Particulars	As at September 30, 2012	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008

Estimated amount of Contracts remaining to be executed on Capital	-	-	10.00	-	-	25.00
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Qualitative disclosure about market risks

Operating Risk

Our operations are subject to various operating risks that may increase our cost of operations and delay or disrupt our business either permanently or for varying lengths of time, which could have a material adverse effect on our results of operations and financial condition.

Interest Rate Risk

Changes in interest rates would affect our results of operations and financial condition. Any increase in the interest rates will result in increase in the cost of borrowings of our Company and may impact our profitability and operations. We have not entered into any derivative transactions to hedge against our exposure to interest rate risks.

Known trends or uncertainties

Except as described in this Draft Prospectus, to our knowledge there are no trends or uncertainties that have or had or are expected to have a material adverse impact on business of our Company and results of operations.

Currency Exchange Risk

Except as described in this Draft Prospectus, to our knowledge, our Company does not have any currency exchange risk.

Turnover

Please refer to section titled “*Financial Information*” on page no. 130 of this Draft Prospectus.

Unusual and infrequent events or transactions

Except as described in this Draft Prospectus, to our knowledge, there have been no events or transactions that may be described as “unusual” or “infrequent”.

Significant economic / regulatory changes

Except as described in this Draft Prospectus, to our knowledge, there have been no significant economic / regulatory changes that materially affect or are likely to affect the income from continuing operations.

New Products or Business Segments

Except as described in this Draft Prospectus, to our knowledge, there have been no publicly announced new products or business segments.

Seasonality of Business

Except as described in this Draft Prospectus, to our knowledge, the business of our Company is not seasonal.

Future relationship between Costs and Income

Except as described in this Draft Prospectus, to our knowledge, there are no known factors which will materially impact the future relationship between our operations and revenues.

Dependence on single or few customers

Other than as described in this Draft Prospectus we have no dependence on a single or few customers and our business interests are spread across customer segments.

Competitive conditions

We face competition in areas of business vertical wise from various Indian and foreign companies. For details regarding our competitive conditions and our competitors, see the chapter titled “*Our Business*” on page no. 85 of this Draft Prospectus.

Significant developments after September 30, 2012 that may affect our future results of operations

Based upon our verification, we certify that there are following material development from September 30, 2012, which may mandate adjustment to the financial statements:-

1. Face value of the equity share has been changed from ₹100 to ₹10 w.e.f. 18 October 2012 vide resolution passed in the Extra Ordinary General Meeting held on October 18, 2012, this will change the earning per share. This will have impact on the following:

Financial Year ended on	E.P.S. as per restated financial statements (₹)	Adjusted E.P.S. post impact of above adjustment (₹)
31.03.2012	71.38	7.14
31.03.2011	79.61	7.96
31.03.2010	45.06	4.51
31.03.2009	52.16	5.22
31.03.2008	124.02	12.40

2. The Company has made the following issue of share capital:

Date of issue	Shares Issued	Face value (per share)	Premium (per share)	Consideration (Face value + premium per share)	Consideration	Total value (₹ in Lacs)
October 1, 2012	1,80,000	100	100	200	Cash	360.00
October 18, 2012	7,10,862	100	-	-	Bonus Issue in the ratio of 1:1 to all the shareholders of the Company [#]	710.86

[#] Bonus shares have been issued by Capitalisation of Securities Premium and Profit and loss account.

3. Impact on share capital for adjustments mentioned in point no. 1:

Name of Account	No. of Shares		Amount in ₹ Lacs.	
	Pre *	Post	Pre*	Post
Authorised share capital	6,00,000	2,30,00,000	600.00	2,300.00
Paid up share capital	530,862	1,42,17,240	530.86	1,421.72

* prior to adjustments mentioned in point no.1

4. Impact on reserves and surplus for adjustments mentioned in point no. 2 is:

	Pre*	Post
Securities Premium	42.47	–
Balance in profit and loss account	732.83	244.44

* prior to adjustments mentioned in point# 2 and as on September 30, 2012

FINANCIAL INDEBTEDNESS

The following are the details of the credit facilities availed by our Company as on January 31, 2013:

Sl. No.	Nature of credit facilities	₹ in Lacs
1.	Secured	5,281.71
2.	Unsecured	260.63
	Total	5,542.34

1. Details of Secured Credit Facilities:

Name of the Lender	Details of the Agreement	Purpose	Amount Sanctioned (₹ in Lacs)	Amount Outstanding as on January 31, 2013 (₹ in Lacs)	Interest p.a.	Repayment	Security
Bank of Baroda	Sanction letter dated October 29, 2012	To meet working capital requirements	5,000	4,441.71	Base Rate + 3.50 % i.e. 14.00 % per annum at present with monthly rest subject to change in Base Rate of Bank / credit rating of our Company	Running Account	<ul style="list-style-type: none"> - D.P Note executed by our Company under its common seal as per Board Resolution - Letter of continuing security - Hypothecation of stocks & book debts - Irrevocable power of attorney in favour of the bank in respect of book debts - Undertaking, not to withdraw the unsecured loans. <p>The credit facilities are further secured by:-</p> <p>Equitable mortgage of commercial premises situated at</p> <ul style="list-style-type: none"> - Gala No. 101 to 109, at D-6, Harihar Compound, Mankoli Naka, Bhiwandi, District Thane - 421329. - Gala No. 107, D- 5, Harihar Compound, Mankoli Naka, Bhiwandi, District Thane - 421329. - Flat No. 2603, 26th Floor, A Wing, E-6, Sarvodaya Heights, Parshwanath Nagar, Nahur Road, Mulund (West), Mumbai – 400080 - Gala No. 201 to 209, D – 6, Harihar Compound, Mankoli Naka, Bhiwandi, District Thane - 421329. - Unit no. 3 & 4 with mezzanine and ground floor, Pacific Plaza, Masjid

Name of the Lender	Details of the Agreement	Purpose	Amount Sanctioned (₹ in Lacs)	Amount Outstanding as on January 31, 2013 (₹ in Lacs)	Interest p.a.	Repayment	Security
							<p>Gali, off Bhawani Shankar Road, Dadar (W), Mumbai -400 028.</p> <ul style="list-style-type: none"> - Gala no. 110 , & 111 on the 1st floor and Gala no. 210 & 211 on the 2nd floor, D – 6, Harihar Compound, Mankoli Naka, Bhiwandi, District Thane - 421329. - Charge on the fixed assets in the name of our Company i.e. plant, machineries, equipments, vehicles etc. - Personal guarantee of the following persons: <ol style="list-style-type: none"> 1) Harshad H. Thakkar 2) Darshana H. Thakkar 3) Dinesh C. Sodha
Small Industries Development Bank of India (SIDBI)*	<p>Letter of Intent dated November 09, 2012</p> <p>Deed of Hypothecation dated November 21, 2012</p> <p>Subordinated Debt Agreement dated November 21, 2012</p>	Margin Money for Working Capital requirement	300	300.00	15.25% with monthly rests on the principal outstanding from time to time	<p>48 Equal Monthly Installments of ₹6.25 Lacs each commencing after 36 months from the date of first disbursement.</p> <p>The Borrower shall repay installment on 10th of each month</p>	<p>The assistance, interest, costs and all monies dues and payable shall be secured by charge of mortgage of immovable assets and hypothecation on all movable assets and current assets of the Borrower, present and future.</p> <p>Residual charge on all the movable assets including plant, machinery, equipments, tools, dies, moulds etc and current assets (including stock, inventory, receivables, debtors, claims etc) of the borrower, present and future subservient to all the existing and prospective charges created / to be created by the borrower on the said assets</p> <p>Such charges would be subservient to all the existing and prospective charges created / to be created by the borrower on the said assets in favour of those banks / FIs which have extended / would extend business loans (viz. term loans for machineries, business premises and working capital) to the</p>

Name of the Lender	Details of the Agreement	Purpose	Amount Sanctioned (₹ in Lacs)	Amount Outstanding as on January 31, 2013 (₹ in Lacs)	Interest p.a.	Repayment	Security
							<p>Borrower for the same business for which SIDBI has extended the facility. All such aforesaid lenders would be referred to as "Senior Secured Lenders".</p> <p>One month time is given for creation of residual charge on immovable assets, without charging additional interest of 1%</p> <p>Extension of charge by way of equitable mortgage of flat no. 14, New Vaibhav CHS Limited., situated at M.G. Road & S.L. Road, Mulund (W), Mumbai-400080 owned by Surji G Thakkar</p> <p>Irrevocable & unconditional personal guarantee (joint & several) of:</p> <ol style="list-style-type: none"> 1) Harshad H. Thakkar 2) Dinesh C. Sodha 3) Surji G Thakkar
Fullerton India Credit Company Limited	Credit facility sanction letter dated December 10, 2012	Term loan – to purchase immovable assets	Upto 350	350.00	Floating interest at the rate of Fullerton Benchmark Prime Lending Rate ** (17.25%) – 4.00 % spread = 13.25% p.a. computed with monthly rest.	<p>The Principal amount together with applicable interest shall be repaid in 144 EMI.</p> <p>The due date shall be the 5th day of each calendar month</p>	<p>Equitable mortgage of commercial property situated at Pacific Plaza, Shop No. 301 to 304, 3rd Floor, Masjid Gali, Off Bhavan Shankar Road, TPS 4, Dadar (West), Mumbai – 400 028.</p> <p>Post dated cheques or ECS instruction for the repayment of facilities.</p> <p>Personal guarantee of:</p> <ol style="list-style-type: none"> 1) Harshad H. Thakkar 2) Dinesh C. Sodha
		Business Installment – to meet working capital requirements	Upto 190	190.00	Floating interest at the rate of Fullerton Benchmark Prime Lending Rate ** (17.25%) – 4.00 % spread = 13.25% p.a. computed	<p>The principal amount together with applicable interest shall be repaid in 48 EMI.</p> <p>The due date for payment shall be the 5th day of each calendar</p>	

Name of the Lender	Details of the Agreement	Purpose	Amount Sanctioned (₹ in Lacs)	Amount Outstanding as on January 31, 2013 (₹ in Lacs)	Interest p.a.	Repayment	Security
					with monthly rest.	month.	
Punjab National Bank	Sanction Letter dated December 7, 2011	Purchase of Car	22.12	19.82	13%	Repayable in 84 EMI	Hypothecation of Car to be purchased out of the Bank Loan and personal guarantee of Mrs. Darshana H. Thakkar

* SIDBI had sanctioned the said financial assistance in the form of Optionally Convertible Sub-ordinated Debt. Further, our Company has obtained modifications in the terms of said financial assistance vide a letter dated February 2, 2013 in order to consider the same as Sub-ordinated Debt.

** The Fullerton Benchmark Prime Lending Rate and Spread may be varied at the discretion of the Lender, from time to time, having regard to the applicable regulations, conditions in the money market, availability of loanable funds, cost of fund and no consent of the Borrower shall be required

2. Details of Unsecured Credit Facilities:

Name of Lender	Details of Agreement	Purpose	Amount Sanctioned (₹ in Lacs)	Amount Outstanding as on January 31, 2013 (₹ in Lacs)	Interest	Repayment
Barclays Bank Plc	Sanction letter dated March 10, 2011	Business loan	50	20.81	17.50 % p.a.**	Repayable in 24 EMI
Kotak Mahindra Bank Limited	Loan Agreement dated March 29, 2012	Business Loan	75	13.34	9.65% p.a.	Repayable in 12 EMI
Religare Finvest Limited	Loan Agreement dated September 14, 2011	Business Loan	50	18.57	17 .00% p.a.**	Repayable in 24 EMI
Religare Finvest Limited	Loan Agreement dated June 30, 2012	SME Loan	65	22.18	19.07% p.a.**	Repayable in 12 EMI
Magma Fincorp Limited	Sanction letter dated October 11, 2012	Business (SME) Loan	50	31.91	7.63 % p.a.	Repayable in 18 EMI
Magma Fincorp Limited	Sanction letter dated November 14, 2011	Business (SME) Loan	50	4.33	7.62 % p.a.	Repayable in 24 EMI
Momai Apparels Private Limited***	N. A. #	Business Loan	N. A. #	81.04	N. A. #	N. A. #

Name of Lender	Details of Agreement	Purpose	Amount Sanctioned (₹ in Lacs)	Amount Outstanding as on January 31, 2013 (₹ in Lacs)	Interest	Repayment
Mr. Dinesh C. Sodha	N. A. #	Business Loan	N. A. #	11.20	N. A. #	N. A. #
Mr. Harshad H. Thakkar	N. A. #	Business Loan	N. A. #	57.25	N. A. #	N. A. #

**Interest on reducing balance

There is no arrangement with Momai Apparels Private Limited, Mr. Dinesh C. Sodha and Mr. Harshad H. Thakkar for rate of interest and terms of repayment.

Corporate Guarantee

Name of Lender	Details of Agreement	Purpose	Amount	Interest	Repayment	Security
Punjab National Bank	Agreement of Guarantee dated November 13, 2010	Our Company has provided a corporate guarantee to the bank for the working capital facilities & term loan granted to Momai Apparels Private Limited ***	Working capital facilities – ₹ 240 Lacs Term Loan – ₹ 50 Lacs	N. A.	N. A	Charge on Corporate Guarantee of our Company

*** Momai Apparels Private Limited took over the running business of M/s Momai Apparels (Proprietary concern) vide deed of assignment dated November 1, 2012.

Our secured financing arrangements contain various restrictive covenants which require us to obtain the prior written consent of our lender(s) for undertaking, among others, the following activities:

- effecting any change in the capital structure;
- formulating any scheme of amalgamation or reconstruction;
- undertaking any new project or expansion, unless the expenditure of such expansion is covered by our
- Company's net cash accrual after providing for dividend, investment or from long term funds received from
- financing such new projects or expansion;
- making any investments by way of deposits, loans or in share capital of any other concerns (including any
- subsidiaries) except investments in the usual course of business or advances to employees;
- entering into borrowing arrangements, either secured or unsecured with any other banks, financial
- institutions or companies or otherwise;
- undertaking guarantee obligations on behalf of any other company and declaring dividends for any year
- except out of profits relating to that year and with the specific approval of the lender(s);

- issuing any debentures, raising any loans, accepting deposits from the public, issuing equity or preference
- capital or creating any charge on its assets or giving any guarantee;
- creating any subsidiary or permitting any company to become its subsidiary;
- Selling, granting, leasing, transferring, or otherwise disposing of its assets except for such transfers, sales
- made in the ordinary course of business;
- changing our financial year;
- amend the Memorandum of Association and Articles of Association of our Company; and
- effecting any change in the composition of its board of directors or its management, or the appointment/reappointment or removal of its managing director or another person holding substantial management powers.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoter and Group Company and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks / financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, default in creation of full security as per terms of issue/other liabilities, no amounts owed to small scale undertakings exceeding ₹ 1 Lac, which is outstanding for more than 30 days, no proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Directors, our Promoter and Group Company

Unless stated to the contrary, the information provided below is as on the date of this Draft Prospectus

Litigations involving our Company

There are no pending litigations by or against our Company.

Litigations involving our Group Company

There are no pending litigations by or against our Group Company.

Litigation involving our Promoter/Directors

There are no pending litigations by or against our Promoter / Directors except as below:

Litigation against Mr. Harshad H. Thakkar, our Promoter, Chairman and Managing Director

The Income Tax Appellate Tribunal, Mumbai Bench “H”, Mumbai dealing with the miscellaneous application moved by the Department of Revenue under Section 254(2) of the IT Act passed an order dated October 31, 2012 against our Promoter directing reassessment proceedings by the Assessing Officer reexamining the genuineness and creditworthiness of the loan amount of ₹ 1,00,000 each from Mr. Manilal Savla and Shilpa Shah. The matter is pending before the assessing officer.

Litigation by / against Mrs. Darshana H. Thakkar

Nil

Litigation by / against Mr. Dinesh C. Sodha

Nil

Litigation by / against Mr. Ramakant M. Nayak

Nil

Litigation by / against Mr. Arun K. Bagaria

Nil

Litigation by / against Mr. Mohit Shah

Nil

Outstanding sums to Small Scale Industries

Our Company does not owe any small scale undertakings or other creditors any amounts exceeding ₹ 1,00,000 which is outstanding for more than 30 days. There are no disputes with such entities in relation to payments to be made to them.

Other Material Information

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 involving our Company and our Promoter / Directors / Group Company whose outcome could affect the operations or finances of our Company.

There are no adverse findings involving our Company or any persons / entities connected with our Company as Promoter / Directors / Group Company as regards non compliance with securities law.

There is no disciplinary action taken by SEBI or stock exchanges against our Company or any persons / entities connected with our Company as Promoter / Directors / Group Company.

There are no proceedings initiated against our Company or any persons / entities connected with our Company as Promoter / Directors / Group Company for any economic offences.

Material Developments

Except as described in this Draft Prospectus, to our knowledge, there have been no material developments, since the date of the last audited balance sheet.

GOVERNMENT APPROVALS

We have not received certain consents, licenses, permissions and approvals from the government and various governmental agencies required for our present business (as applicable on date of this Draft Prospectus). For further details, please refer to section titled “*Risk Factors*” on page no. 13 of this Draft Prospectus. The approvals which have been acquired by our Company for carrying on our present business are listed below.

Moreover, in view of the approvals listed below, we can undertake this Issue and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or continue our business activities except as disclosed in section titled “*Risk Factors*” on page no. 13 of this Draft Prospectus. It must be distinctly understood that, in granting these approvals, the GOI does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as on the date of this Draft Prospectus.

The main objects clause of the MOA and objects incidental to the main objects enable our Company to carry out its activities.

The following statement sets out the details of licenses, permissions and approvals taken by us under various central and state laws for carrying out business:

I. Approvals for the Issue

- a. The Board of Directors have, pursuant to a resolution passed at its meeting held on December 19, 2012, authorized the Issue, subject to the approval of the shareholders of our Company under Section 81(1A) of the Companies Act and approvals by such other authorities as may be necessary.
- b. This Issue of Equity Shares has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act at the EGM of the shareholders held on January 9, 2013
- c. Our Company has obtained requisite approvals from lenders.

II. Incorporation

- a. Certificate of incorporation, dated July 17, 2006 bearing CIN: U17299MH2006PLC163133, issued by the RoC, pursuant to the Companies Act, incorporating our Company as a private limited company.
- b. Fresh certificate of incorporation dated December 15, 2012, issued by the RoC pursuant to the Companies Act, incorporating the change of name of our Company from ‘Ashapura Apparels Private Limited’ to ‘Ashapura Intimates Fashion Private Limited’.
- c. Fresh certificate of incorporation dated December 19, 2012, issued by the RoC pursuant to conversion of our Company from a private limited company to a public limited company resulting in the change of name of our Company from ‘Ashapura Intimates Fashion Private Limited’ to ‘Ashapura Intimates Fashion Limited’.

III. Approvals in relation to the business of our Company:

Our Company is required to obtain various approvals for conducting its business. The registrations and approvals required to be obtained by our Company in respect of our business in India include the following:

1. The PAN of our Company is AAFC A8960K.
2. TIN of our Company is 27310633333

3. CST registration number under Central Sales Tax of our Company is 27310633333C
4. VAT registration number, under Maharashtra Value Added Tax, of our Company is 27310633333V.
5. Central Excise Registration Number is AAFC8960KEM001.
6. The ISIN Number has been allotted and is INE428O01016.
7. Certificate of renewal of registration dated November 29, 2012 issued by the Inspector under the Bombay Shops and Establishments Act certifying registration of our Company for our office situated at 2, 3 and 4, Pacific Plaza, Garage Gali, Off Bhawani Shankar Road, Dadar (West), Mumbai – 400028, Maharashtra, India valid up to December 31, 2015. Registration Number of our Company is 760082503/ SHOP I.
8. The Employer's Code of our Company under the ESI Act is 34000276560000199.
9. The Establishment Code of our Company under the EPF Act is THTHA0205168000.

Consequent to the change in name of the company, our Company has applied to relevant authorities for noting the new status as a Public Limited Company and the new name.

Licenses and approvals which we have applied for renewal after the expiry of the license period:

Nil

Licenses and approvals which are applied for and pending approval by authorities:

Nil

Intellectual Property Rights:

We do not own intellectual property rights. For details regarding applications made by our Company to register intellectual property rights, please refer to the chapter titled “*Our Business*” on page no. 85 of this Draft Prospectus.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The issue of Equity Shares in this Issue by our Company has been authorized by the resolution of our Board of Directors passed at their meeting held on December 19, 2012, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders have authorized this Issue by a special resolution in accordance with Section 81(1A) of the Companies Act passed at the EGM of the Company held on January 9, 2013 at Mumbai, Maharashtra.

Prohibition by SEBI, RBI or Governmental authority

Our Company, our Directors, our Promoter and our Promoter Group, Group Company or the person(s) in control of our Company have not been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

The companies, with which our Promoter, Directors or persons in control of our Company is/are or was/were associated as promoters, directors or persons in control, have not been prohibited from accessing or operating in capital market under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority. Further, our Promoter and none of our Directors were directors of any company when the shares of the said company were suspended from trading by stock exchange(s) for more than three (3) months during last five (5) years or delisted.

Except as disclosed in the chapter titled “*Our Management*” on page no. 111 of this Draft Prospectus, our Promoter and none of our Directors are associated in any manner with any entities, which are engaged in securities market related business and are registered with the SEBI for the same. Our Company, our Directors, our Promoter, the relatives of the Promoter (as defined under the Companies Act) and MAPL, our Group Company, have not been identified as wilful defaulters by RBI or any other government authorities and there are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for the Issue

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations. Our Company is eligible for the Issue in accordance with Regulation 106M (2) and other provisions of Chapter XB of the SEBI (ICDR) Regulations, as the current paid up capital of our Company is more than ten crores and the post issue face value capital would not exceed twenty five crores.

We confirm that:

- a) In accordance with Regulation 106O of the SEBI (ICDR) Regulations, we have not filed this Draft Prospectus with SEBI nor has SEBI issued any observations on our Draft Prospectus. Also, our Company shall ensure that the LM 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 the BSE and the RoC nor has SEBI issued any observations on our Prospectus.
- b) In accordance with Regulation 106P of the SEBI (ICDR) Regulations, this Issue has been hundred percent underwritten and that the LM to the Issue has underwritten 15% of the Issue Size. For further details pertaining to said underwriting please refer to the chapter titled “*General Information*” on page no. 36 of this Draft Prospectus.

- c) In accordance with Regulation 106R 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.
- d) In accordance with Regulation 106V of the SEBI (ICDR) Regulations, our Company has entered into an agreement with the LM 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 chapter titled “General Information” on page no. 36 of this Draft Prospectus.

Our Company confirms that we shall be comply with all the other requirements as laid down for such an issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the BSE. As per Regulation 106M (3) of SEBI (ICDR) Regulations, 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 shall not apply to us in this Issue.

Our Company is also eligible to make this Issue in accordance with eligibility norms for listing on SME Platform of BSE circular dated April 19, 2012, which states as follows:

1. Net Tangible assets of at least ₹1 Crore as per the latest audited financial results.
2. Net worth (excluding revaluation reserves) of at least ₹ 1 crore as per the latest audited financial results.
3. Track record of distributable profits in terms of section 205 of Companies Act, 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 networth shall be at least ₹ 3 crores.
4. The post-Issue paid up capital of the company shall be at least ₹ 1 crore.
5. The company shall mandatory facilitate trading in demat securities and enter into an agreement with both the depositories.
6. Companies shall mandatory have a website.
7. The Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
8. There is no winding up petition against the Company that has been accepted by a Court.

We confirm that we comply with all the above requirements / conditions so as to be eligible to be listed on the SME Platform of BSE.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY THE SEBI. THE 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 THIS DRAFT PROSPECTUS. THE MERCHANT BANKER, KJMC CORPORATE ADVISORS (INDIA)

LIMITED (FORMERLY KNOWN AS “KJMC GLOBAL MARKET (INDIA) LIMITED”), HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THIS 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 THIS DRAFT PROSPECTUS, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER SHALL, FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 19, 2013 WHICH READ AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE INCOME TAX LITIGATIONS AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT PROSPECTUS PERTAINING TO THE ISSUE.
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER;

WE CONFIRM THAT:

- (a) THE DRAFT PROSPECTUS FILED WITH THE BSE LIMITED IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (c) THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 AS AMENDED, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS AMENDED (HEREIN AFTER REFERRED TO AS “SEBI (ICDR) REGULATIONS”) AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- (d) ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE 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 EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE REQUISITE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.- WILL BE COMPLIED AS APPLICABLE

- (e) **THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SEBI (ICDR) REGULATIONS.- WILL BE COMPLIED AS APPLICABLE**
- (f) **THE AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES (NSDL & CDSL) FOR DEMATERIALISATION OF THE EQUITY SHARES OF THE ISSUER.**
- (3) **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID AND NONE OF THEM HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**
- (4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.**
- (5) **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTER'S 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 PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.**
- (6) **WE CERTIFY THAT REGULATION 33 OF THE SEBI (ICDR) REGULATIONS, WHICH RELATES TO THE EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS.**
- (7) **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ICDR) REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.- NOT APPLICABLE**
- (8) **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- (9) **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AS AMENDED AND THAT SUCH**

MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMATERIALISED OR PHYSICAL MODE. - NOT APPLICABLE SINCE THE ISSUE SIZE IS MORE THAN ₹ 1,000 LACS, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMATERIALISED ONLY.**
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI (ICDR) REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:**
 - (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND**
 - (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.**
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI (ICDR) REGULATIONS WHILE MAKING THE ISSUE.**
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.**
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (ICDR) REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.-**
- (16) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SEBI (ICDR) REGULATIONS, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS.- WILL BE COMPLIED AS APPLICABLE**
- (17) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SEBI (ICDR) REGULATIONS HAVE BEEN MADE.**
- (18) WE CONFIRM THAT THE ISSUER HAS REDRESSED AT LEAST NINETY FIVE PER CENT OF THE COMPLAINTS RECEIVED FROM THE INVESTORS TILL THE END OF**

THE QUARTER IMMEDIATELY PRECEDING THE MONTH OF THE FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES / SME EXCHANGE.- NOT APPLICABLE

- (19) **WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)’, AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR – REFER TO PAGE NO. 187 OF THIS DRAFT PROSPECTUS**

WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.

AS PER REGULATION 106(O) OF THE SEBI (ICDR) REGULATIONS, ONLY THE PROSPECTUS HAS TO BE FILED WITH SEBI ALONGWITH A DUE DILIGENCE CERTIFICATE AS PER FORM A OF SCHEDULE VI OF THE SEBI (ICDR) REGULATIONS BY THE LEAD MANAGER. ACCORDINGLY, THIS SECTION WILL BE UPDATED AT THE TIME OF FILING THE PROSPECTUS WITH STOCK EXCHANGE AND ROC AND PROSPECTUS AND DUE DILIGENCE CERTIFICATE AS PER FORM A AND FORM H OF SCHEDULE VI OF THE SEBI (ICDR) REGULATIONS WITH SEBI.

THE FILING OF THIS 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 THIS PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THIS DRAFT PROSPECTUS.

Disclaimer from the Company, the Directors and the Lead Manager

Our Company, its Directors and the LM accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company’s instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

Caution

The LM accepts no responsibility, save to the limited extent as provided in the MOU for Issue Management entered into among the LM and our Company dated [•], the Underwriting Agreement dated [•], entered into among the Underwriters and our Company and the Market Making Agreement dated [•], entered into among the Market Maker, LM and our Company. All information shall be made available by us and the LM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres or elsewhere.

Price Information of Past Issues handled by the Lead Manager

<i>S r . N o .</i>	<i>Issue Name</i>	<i>Issue size (₹ in cr.)</i>	<i>Is sue pr ic e (₹)</i>	<i>Listin g date</i>	<i>Ope ning price on listin g date (₹)</i>	<i>Closin g price on listing date (₹)</i>	<i>% Chan ge in Price on listing date (Closi ng) vs. Issue</i>	<i>Benchm ark index on listing date (Closing)</i>	<i>Closin g price as on 10th calend ar day from listing day</i>	<i>Bench mark index as on 10th calenda r day from listing day</i>	<i>Closi ng price as on 20th calenda r day from listing day from</i>	<i>Benchma rk index as on 20th calendar day from listing day (Closing)</i>	<i>Closi ng price as on 30th calen dar day from listing day</i>	<i>Benchm ark index as on 30th calendar day from listing day (Closing)</i>
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							<i>Price</i>			<i>(Closing)</i>	<i>listing day</i>		<i>g day</i>	
Not Applicable														

Financial Year	Total no. of IPOs	Total Funds Raised (₹ in Cr.)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30 th calendar day from listing day			Nos. of IPOs trading at premium as on 30 th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2012-13	Not Applicable													
2011-12	Not Applicable													
2010-11	Not Applicable													

Track record of past issues handled by the Lead Manager

For details regarding the track record of the Lead Manager as specified in the Circular issued by SEBI i.e. CIR/MIRSD/1/2012 dated January 10, 2012, please refer to the website www.kjmc.com

Note

Investors who apply in this Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India (who are not minors), HUF, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks(subject to RBI permission), trusts registered under the Societies Registration Act, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs who are eligible to participate in this Issue subject to compliance with the laws applicable to their respective jurisdictions. This Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus / 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. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus / Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause under Rule 144A of the U.S. Securities Act

The Equity Shares have not been and will not be registered under the U.S. Securities Act, as or any state securities laws in the USA and may not be offered or sold within the USA or to, or for the account or benefit of, “U.S. persons” (as defined in regulations of the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

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.

Each purchaser that is acquiring the Equity Shares issued pursuant to this Issue, by its acceptance of this Prospectus and of the Equity Shares issued pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with the Company and the LM that it has received a copy of this Draft Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares issued pursuant to this Issue in compliance with all applicable laws and regulations;
2. the purchaser acknowledges that the Equity Shares issued pursuant to this Issue have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
3. the purchaser is purchasing the Equity Shares issued pursuant to this Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;
4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to this Issue, was located outside the United States at the time the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;
5. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
6. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only in accordance with all applicable laws, including the securities laws of the States of the United States;
7. the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and the purchaser acknowledges that the Company, the LM, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole

investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Disclaimer Clause of the SME Platform of BSE

As required, a copy of this Draft Prospectus has been submitted to the SME Platform of BSE. The disclaimer clause as intimated by SME Platform of BSE to our Company, post scrutiny of this Draft Prospectus, shall be included in the Prospectus prior to the RoC filing.

Disclaimer Clause of CARE

CARE's SME Fundamental grading is an assessment which is drawn heavily from the information provided by our Company as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's SME Fundamental grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares / securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospect of the Issuer; also it does not indicate compliance / violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the SME Fundamental grading.

Filing

A copy of this Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the Prospectus in term of Regulation 106O of SEBI (ICDR) Regulations. However, a copy of the Prospectus shall be filed with SEBI at the Corporate Finance Department, Plot No. C-4A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051. A copy of the Prospectus, along with the documents required to be filed under the Companies Act, will be delivered to the RoC situated at Everest Building, 5th Floor, 100, Marine Drive, Mumbai – 400 002 and to the BSE.

Listing

Application shall be made to the SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in this Issue. Basis of Allotment will be finalized with the BSE for this Issue.

The SME Platform of BSE has given its approval for listing our Equity Shares vide its letter dated [●]. If the permission to deal in and for an official quotation of the Equity Shares is not granted by the SME Platform of BSE within 12 (twelve) working days of Issue Closing Date, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid forthwith, interest at 15% pa on the application amount, shall be paid and the company and the officers in default will also become liable to regulatory actions under the SEBI Act and 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 twelve (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 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."*

Consents

Necessary consents in relation to this Issue have been obtained from the following:

1. Promoter of our Company
2. Directors of our Company
3. Banker to our Company
4. Auditors to our Company
5. Lead Manager to the Issue
6. Legal Advisor to the Issue
7. Registrar to the Issue
8. Company Secretary and Compliance Officer
9. Banker to the Issue
10. Underwriter(s) to the Issue
11. Market Maker

Consents from the Banker to the Issue and Underwriter(s) to the Issue shall be obtained prior to the filing of the Prospectus with the RoC. Other consents mentioned herein above have been obtained prior to filing of this Draft Prospectus with the BSE.

JDNG and Associates, Chartered Accountants, Statutory Auditors of our Company who have subjected themselves to the peer review process of ICAI, hold a valid certificate issued by the 'Peer Review Board' of the ICAI. The aforementioned Auditors of our Company have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Prospectus and such consents and reports have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

JDNG and Associates, Chartered Accountants, Statutory Auditors of our Company have given their written consent to the Statement of Tax Benefits accruing to our Company and its members in the form and context in which it appears in this Draft Prospectus and will not withdraw such consent up to the time of delivery of this Prospectus.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received consent from the Statutory Auditors namely, M/s JDNG & Associates, Chartered Accountants to include their names as an expert in this Draft Prospectus in relation to the report of the Auditors dated January 15, 2013 for Restated Financial Statements, statement of tax benefits dated January 15, 2013 and Auditors Report dated January 24, 2013 for MAPL in terms of Financial Information as required under Schedule VIII Part A point no (IX) [Financial Statements] Para B and sub para 5 (a) and (b) of SEBI (ICDR) Regulations in the form and context in which it appears in this Draft Prospectus.

Our Company has received consent from M/s Manish D. Jain & Co., Chartered Accountants having Membership No. 136535 and Firm Registration No. 131299W to include their name as an expert in this Draft Prospectus in relation to the Valuation Report of MAPL dated January 22, 2013.

CARE, the IPO grading agency engaged by our Company for the purpose of obtaining IPO grading in respect of this Issue have given their written consent to be named as an expert under Section 58 of the

Companies Act and to the inclusion of the report in the form and in the context it appears in this Draft Prospectus.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, Market Making Fees, selling commissions, SCSBs' commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses, Registrar and Depository fees and listing fees is given below:

Sl. No	Activity	Amount in ₹ Lacs	Percentage of total estimate Issue expenditure (%)	Percentage of Issue Size (%)
1.	Fees for Lead Manager and Legal Advisor	62.00	35.43	2.95
2.	Fees for Registrar, Advisor, Depository charges and Bankers to the Issue	23.20	13.26	1.10
3.	Advertisement and publicity expenses	10.00	5.71	0.48
4.	Printing and distribution expenses	5.00	2.86	0.24
5.	Fees for Market Making, Underwriting and Selling Commission expenses	65.75	37.57	3.13
6.	Listing fees and other related expenses	1.00	0.57	0.05
7.	Miscellaneous expenses	8.05	4.60	0.38
	TOTAL	175.00	100.00	8.33

All expenses with respect to the Issue will be borne by our Company.

Fees, Brokerage and Selling Commission payable to the Lead Manager

The total fees payable to the LM, including underwriting and selling commission, if any, for this Issue will be as per the MOU executed between our Company and the LM dated [•] and the Market Making Agreement dated [•] between the Company, the LM and other parties, a 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 MOU executed between our Company and the Registrar to the Issue dated [•], a copy of which is available for inspection at our Registered Office and forms part of material contracts and documents. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds to unsuccessful applicants.

Previous public or rights issues

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

Previous issue of Equity Shares otherwise than for cash

Our Company has not issued any Equity Shares for consideration otherwise than for cash, except as disclosed in the chapter titled "*Capital Structure*" on page no. 42 of this Draft Prospectus.

Underwriting Commission and Brokerage on Previous Issues

No sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares of our Company since incorporation.

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 since inception

Neither our Company nor any other company under the same management within the meaning of Section 370(1B) of the Companies Act is listed on any of the stock exchanges and has not made any capital issue since inception.

Promise vs. Performance – Previous Issues of our Company and our Group Company

Our Company has not made any public issue of Equity Shares since incorporation. Our Group Company has not made any public issues since incorporation.

Partly Paid up Equity Shares

As on the date of this Draft Prospectus, there are no partly paid up Equity Shares of our Company.

Outstanding debentures or bond issues

As on the date of this Draft Prospectus, our Company does not have any outstanding debentures and has not made any bond issue.

Outstanding Preference Shares

As on the date of this Draft Prospectus, our Company does not have any outstanding preference shares.

Stock Market Data

This being the first public issue by our Company, no stock market data is available.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three (3) years from the last date of dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant / appropriate SCSB, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the ASBA Application Form was submitted by the ASBA applicants.

Disposal of Investor's Grievances and Redressal Mechanism

We have appointed Link Intime India Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance Officer. All grievances relating to this Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to the Issue to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

Our Company estimates that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be 10 (ten) 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.

Our Company has appointed Ms. Sonali K. Gaikwad, the Company Secretary, as the Compliance Officer to redress complaints, if any, of the investors participating in the Issue. She can be contacted at the following address:

Ms. Sonali K. Gaikwad,
Company Secretary and Compliance Officer
E-mail: ipo@valentineloungegroup.com

Investors can also contact the Registrar to the Issue for redressal of any complaints at the following address:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West), Mumbai - 400 078;
Tel.: + 91 22 2596 7878;
Fax: +91 22 2597 0329;
E-mail: aifl.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Registration No.: INR000004058

Changes in the Auditors during last three (3) years and reasons thereof

There was change in name and constitution of M/s N. M. Jobanputra & Co. Chartered Accountants was changed from Proprietorship Firm (M/s N. M. Jobanputra & Co.) to Partnership firm (M/s JDNG & Associates) vide agreement dated August 1, 2011 and consequently M/s JDNG & Associates have been appointed as the Statutory Auditor of the Company in the AGM of our Company for the year of 2011.

Capitalization of Reserves or Profits

The details regarding capitalization of reserves are enumerated in the chapter titled “*Capital Structure*” on page no. 42 of this Draft Prospectus. Other than as mentioned therein, we have not capitalized any of our reserves or profits.

Revaluation of assets during the last five (5) years

Our Company has not revalued its assets since incorporation.

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered pursuant to this Issue shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association, the terms of this Draft Prospectus, the Application Form, and other terms and conditions as may be incorporated in the Allotment Advices and other documents/ certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital, and listing and trading of securities issued from time to time by SEBI, government, stock exchanges, RoC, RBI and/or other authorities, as in force on the date of this Issue and to the extent applicable, or such other conditions as may be prescribed by the authorities.

Ranking of Equity Shares

The Equity Shares being issued pursuant to this Issue shall be subject to the provisions of the Companies Act, MOA and AOA and shall rank *pari passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees, upon 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 see the section titled “*Main Provisions of the Articles of Association*” on page no. 220 of this Draft Prospectus.

Authority for the Issue

The issue of Equity Shares in this Issue by our Company has been authorized by the resolution of our Board of Directors passed at their meeting held on December 19, 2012, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders have authorized this Issue by a special resolution in accordance with Section 81(1A) of the Companies Act passed at the EGM of the Company held on January 9, 2013 at Mumbai, Maharashtra.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to its shareholders in accordance with the provisions of the Companies Act, MOA and AOA. For further details in relation to dividends, please see the chapter titled “*Dividend Policy*” and the section titled “*Main Provisions of the Articles of Association*” on page no. 129 and page no. 220 respectively of this Draft Prospectus.

Face value and Issue Price

The Equity Shares having a face value of ₹ 10 each are being offered in terms of this Draft Prospectus at the Issue Price of ₹ 40 per Equity Share including premium of ₹ 30 per Equity Share. This Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the chapter titled “*Basis for Issue Price*” on page no. 61 of this Draft Prospectus.

At any given point of time, there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the equity shareholders

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation, 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 company under the Companies Act, the terms of the SME Equity Listing Agreement executed with the BSE and the MOA and the AOA.

For a detailed description of the main provisions of the AOA relating to voting rights, dividend, forfeiture and lien and / or consolidation / split, please see the section titled “*Main Provisions of the Articles of Association*” on page no. 220 of this Draft Prospectus.

Minimum Application Value

The Minimum application size is 3,000 Equity Shares at the Issue Price of ₹ 40 per Equity Share. Allotment shall also be made in lots of 3,000 Equity Shares and in terms of Section 68B of the Companies Act. The Equity Shares shall be credited to the successful investors in dematerialized form.

Market Lot and Trading Lot

The Market lot for the purposes of trading on the SME Platform of BSE shall be 3,000 Equity Shares as or such other number permitted by the BSE from time to time by giving prior notice to investors at large.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

To enable all shareholders of our Company to have their shareholding in electronic form, our Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- 1) Agreement dated [•] between NSDL, our Company and the Registrar to the Issue;
- 2) Agreement dated January 29, 2013 between CDSL, our Company and the Registrar to the Issue;

The Company's Equity Shares bear an ISIN No. INE428O01016.

Minimum Number of Allottees

The minimum number of allottees in this Issue shall be 50 (fifty) equity shareholders. In case the minimum number of prospective allottees is less than 50 (fifty), no allotment will be made pursuant to this Issue and the monies collected shall be refunded as provided in this Draft Prospectus.

Nomination Facility to Investor

In accordance with section 109A of the Companies Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of the death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the registrar and transfer agent of our Company.

In accordance with section 109B of the Companies Act, any person who becomes a nominee by virtue of section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board of Directors, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 (ninety days), the Board of Directors 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 this Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective DP of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective DP.

Minimum Subscription

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

Arrangement for disposal of Odd Lots

The trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares. 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.

Restriction on transfer of Equity Shares

Except for lock-in of the pre-Issue Equity Shares, the Promoter's minimum contribution lock-in in the Issue as detailed in the chapter titled "*Capital Structure*" on page no. 42 of this Draft Prospectus and except as provided in the AOA, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation or split, except as provided in the AOA. For further details, please see the section titled "*Main Provisions of the Articles of Association*" on page no. 220 of this Draft Prospectus.

Migration to Main Board

Our Company may migrate to the main board of the BSE from the SME Platform of BSE on a later date subject to the following:

- a) If the paid up capital of our 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, our Company shall migrate its Equity Shares listed on the SME Platform of BSE to the main board subject to fulfillment of the eligibility criteria for listing of equity shares laid down by the main board. Such further issue of capital shall not be made unless it has been passed by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than the Promoter shareholder against the proposal and for which our Company has obtained in-principal approval from the main board.

OR

- b) If the paid up capital of our Company is more than 10 crores but below ₹ 25 crores, our Company 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 Promoter in favour of the proposal and our Company fulfills the eligibility criteria for listing laid down by the main board.

Market Making

The Equity Shares offered through this Issue are proposed to be listed on the SME Platform of BSE, wherein the LM to this Issue shall ensure compulsory market making through the registered Market Maker of the SME Platform of BSE for a minimum period of three years from the date of listing of Equity Shares offered through this Draft Prospectus. For further details of the agreement entered into between our Company, the LM and the Market Maker please refer to chapter titled “*General Information*” on page no. 36 of this Draft Prospectus.

Underwriting Agreement

Underwriting Agreement dated [•] has been entered into between our Company, the LM and the Market Maker, who is also one of the underwriters in this Issue. 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 60 of the Companies Act.

Pre-Issue Advertisement

Subject to section 66 of the Companies Act, our Company shall, after registering the Prospectus with the RoC publish a pre-Issue advertisement, in the form prescribed by the SEBI (ICDR) Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where the Registered Office of our Company is situated.

Withdrawal of the Issue

Our Company, in consultation with the LM, reserves the right not to proceed with this Issue at any time after the Registration of this Prospectus with the ROC but before Allotment. If our Company withdraws this Issue, it will issue a public notice within two days, providing reasons for not proceeding with this Issue. If the Issue has opened and application moneys are received, the LM, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction and also instruct the refund of the entire amounts received in this Issue. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the BSE will also be informed promptly.

In the event of withdrawal of this Issue anytime before the allotment, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Prospectus. If such money is not repaid forthwith our company shall be liable to repay the application monies received, with such interest at 15% p.a. for the period of delay.

Notwithstanding the foregoing, this Issue is subject to obtaining the final listing and trading approvals of the BSE with respect to the Equity Shares offered through this Draft Prospectus, which our Company is required to apply for only after Allotment.

If our Company withdraws this Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh draft offer document with the stock exchanges where the Equity Shares may be proposed to be listed.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable law of the US and, therefore may not be offered or sold within the US or to, or for the account or benefit of, U.S. persons as defined in regulations under the U.S. Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and the Issuer or the Lead manager or anyone of the Issue Management Team is not making any selling efforts in any jurisdiction outside India. Applications may not be made by persons in any jurisdiction outside India, except in compliance with the applicable laws of such jurisdiction. The applicants shall be solely responsible to ensure that they are in compliance with the relevant laws of their jurisdiction if they propose to make an application in this Issue.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post Issue face value capital exceeds Rs. 10 crores but does not exceed ₹ 25 crores, may issue shares to the public and propose to list on the SME Platform of BSE. For further details regarding the salient features and terms of such this Issue, please refer to the chapters titled “*Terms of the Issue*” and “*Issue Procedure*” on page no. 195 and page no. 220 of this Draft Prospectus.

Following is the Issue Structure of this Issue being made in terms of this Draft Prospectus.

Public Issue of 52,50,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 40 per Equity Share (including a securities premium of ₹ 30 per Equity Share) aggregating to ₹ 2,100 Lacs. This Issue comprises a Net Issue to the public of 49,87,500 Equity Shares and the Market Maker Reservation Portion of 2,62,500 Equity Shares.

Particulars of the Issue	Net Issue to the Public	Market Maker Reservation Portion
Number of Equity Shares available for allocation	49,87,500	2,62,500
Percentage of Issue Size available for allotment	95% of the Issue Size 50% to Retail Individual Investors and the balance 50% to other investors.	5% of the Issue Size Firm allotment
Basis of allotment	Proportionate subject to minimum allotment of 3,000 Equity Shares and further allotment in multiples of 3,000 Equity Shares each. For further details please refer to chapter titled “ <i>Issue Procedure</i> ” on page no. 202 of this Draft Prospectus.	Firm allotment
Minimum Application Size	3,000 Equity Shares for all investors.	2,62,500
Maximum Application Size	For Retail Individual Investors, such number of Equity Shares in multiples of 3,000 Equity Shares such that the application amount does not exceed ₹ 2,00,000. For all other investors the maximum application size is the Net Issue to public subject to limits the investor has to adhere under the	2,62,500

	relevant laws and regulations applicable.	
Mode of application	For QIB Applicants and Non-Institutional Applicants the application must be made compulsorily through the ASBA Process. The Retail Individual Investors may apply using ASBA or physical form.	ASBA only
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Trading Lot	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Terms of Payment	₹ 40 per Equity Share applied for	₹ 40 per Equity Share applied for

For further details, please refer to the chapter titled “*Terms of the Issue*” on page no. 195 of this Draft Prospectus.

Issue Programme

ISSUE OPENING DATE: [●]

ISSUE CLOSING DATE: [●]

ISSUE PROCEDURE

Fixed Price Issue Procedure

This Issue is being made under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulations through a fixed price process. Applicants are required to submit their Application Forms to the Selected Branches / Offices of the Banker to the Issue who will forward the same to the Registrar to the Issue for processing.

Investors should note that the Equity Shares will be allotted to all successful Applicants only in dematerialized form as the issue size exceeds Rupees Ten Crores as per Section 68B of the Companies Act, 1956. Applicants will not have the option of being Allotted Equity Shares in the physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the BSE.

The Issue procedure in brief, is as follows;

- 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 Registered Office of our Company or from the registered office of the LM.
- d) Applicants who are interested in subscribing for the Equity Shares should approach the branches of the Banker to the Issue or collection centres to submit their applications. Applicants should obtain the acknowledgement from the Banks/collection centres and retain with them for reference.
- e) After the issue closure date, the Registrar will process the applications and our company will approach the BSE for approval of the Basis of allotment.
- f) On approval of the Basis of allotment, the Registrar will process and effect the demat credits to the successful applicants and the refund for the other applicants.
- g) Our company will complete the listing formalities and obtain the listing and trading approval so as to commence trading within 12 working days of the Issue closing date.

Important Information:

- 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 DP ID) appearing in the Application Form.
- Allotment to successful Applicants will be credited in electronic form directly to the beneficiary account (with the DP) of the Applicants.
- Names in the Application Form should be identical to those appearing in the account details in the Depository.
- In case of joint Applications, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.
- If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application 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 a vis those with his or her DP.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The BSE where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.

Applicants may note that the application Forms which do not have the details of the Applicant's depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected.

Availability of Prospectus and Application Forms

The Memorandum 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, LM, Registrar to the Issue and the collection centres of the Banker to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE i.e. www.bseindia.com

Applicants shall only use the specified Application Form for the purpose of making an application in terms of this Draft Prospectus. At the time of submitting the application, applicants should mention the Application Form number on the reverse of the cheque/demand draft to avoid misuse of instrument submitted along with the application for shares.

Applicants other than retail individual investors shall apply only through the ASBA process which is different and is explained in various sections herein.

The colour of the Application Form for various categories is as follows:

Category	Colour
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.

Submission and Acceptance of Applications

Applications will be accepted during the Issue Period, only during the regular banking days and hours of the respective bank branches of the Banker to the Issue and collection centres. For details of the bank branches where applications can be submitted and acknowledgment obtained, please see the Application Form.

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. The application form shall bear the stamp of the syndicate member / SCSBs and if not, the same shall be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue or collection centres are not located may submit the application at their sole risk along with a Demand Draft payable at Mumbai, by post, to the Registrar.

MINIMUM AND MAXIMUM APPLICATION SIZE

The applications in this Issue, being a fixed price issue, will be categorised into two;

a) Applications by Retail Individual Investors

The application must be for a minimum of 3,000 Equity Shares and in multiples thereof. The total amount payable on application shall not exceed ₹ 2,00,000.

b) Application by applicants other than Retail Individual Investors:

Applications made by individuals for an amount of above ₹ 2,00,000 and applications irrespective of the amount, made by all other persons including HUF, trusts, corporate bodies and QIBs will be categorised together.

The minimum application size is 3,000 Equity Shares and in multiples thereof. An applicant under this category shall not make an application for size exceeding the relevant investment limits or the maximum number of equity shares that can be held by them under the applicable laws or regulations or the Net Issue, whichever is lower.

Who can apply?

1. Indian nationals resident in India who are not minors in single or joint names (not more than three);
2. HUF, 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. 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;
4. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares;
5. Limited Liability Partnerships;
6. Qualified Institutional Buyers under the SEBI (ICDR) Regulations;
7. Regional rural banks, cooperative banks (subject to RBI regulations and the SEBI Regulations, as applicable);
8. Alternative Investment Funds / Venture Capital Funds registered with SEBI;
9. 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;
10. Scientific and / or industrial research organizations authorized to invest in equity shares;
11. Foreign Venture Capital Investors registered with SEBI;
12. Multilateral and bilateral development financial institutions;

As per RBI regulations, OCBs are not permitted to make an application in this 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 allotment.

Applications shall not to be made by:

1. Minors
2. Partnership firms or their nominations
3. Foreign Nationals (except NRIs)
4. Overseas Corporate Bodies

Participation by Associates of Lead Manager

Except for the underwriting obligations, the LM shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the LM may make an application in this Issue.

Information for certain types of Investors for making an application

- **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 white colour form meant for Resident Indians that is Indian Public.

Under the FEMA, general permission is granted to 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 RBI 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 this Issue or effecting of transfer of Equity Shares in the issue to eligible NRI's, FII's, FVCI's registered with SEBI and multilateral and bilateral development financial institutions. All holdings by non-residents in our Company shall be subject to the limits approved by the general meeting under applicable laws, from time to time.

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 paid up capital (i.e.10% of 19,46,724 Equity Shares). In respect of 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 our 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, 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, Alternative Investment Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the “**SEBI VCF Regulations**”) and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

All Non-Resident Applicants including Eligible NRIs, Eligible QFIs, FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. There is no reservation for Eligible NRIs, Eligible QFIs, FIIs and FVCIs and all such Applicants will be treated on the same basis with other categories for the purpose of allotment.

Applications by Insurance Companies

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the “**IRDA Investment Regulations**”), are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of unit-linked insurance plans); and
- (c) the industry sector in which the investee company operates: 10% of the insurer's total investment

The above information is given for the benefit of the Applicants. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

Documents to be attached / submitted alongwith Application

Applications under Power of Attorney

In case of applications made pursuant to a power of attorney or by limited companies, corporate bodies, trusts, 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 MOA and AOA and/ or bye laws must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason thereof.

Applications by SEBI registered entities and other Institutions:

In case of applications by FIIs, Mutual Funds, VBCFs, FVCI, AIF and QFIs 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, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason thereof.

Applications by limited liability partnerships

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, the Company reserves the right to reject any Application without assigning any reason thereof.

Applications by banking companies

In case of Applications made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form, failing which our Company reserves the right to reject any such Application without assigning any reason.

Applications by insurance companies

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, the Company reserves the right to reject any Application without assigning any reason thereof.

Our Company in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney and other documents along with the Application Form, subject to such terms and conditions that the Company and the LM may deem fit.

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. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Applicants are required to ensure that the PAN (of the sole/ first Applicant) provided in the Application Form is exactly the same as the PAN of the sole/ first Applicant in whose name the relevant beneficiary account is held with the Depository. In case of joint Applicants, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account with the Depository held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.

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.

Applicant's Depository Account and Bank Details

Please note that, providing Depository and bank account details in the space provided in the application form is mandatory and applications not containing such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, DP's name, DP 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, Applicant's bank account details, MICR code and occupation (hereinafter referred to as '**Demographic Details**'). These bank account details would be used for making/effecting the refunds to the applicants (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account). . Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the DP. 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 nor the Registrar to the Issue, the Banker to the Issue or the SCSB or our 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 / Allotment 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.

Changes and Modifications to Application and Withdrawal of Applications by Investors:

No Applicant may make changes to the application in any respect after submitting the same to the Banker to the Issue and obtaining acknowledgement. If an Applicant desires to make any changes, he should withdraw his prior application and make a fresh application. The withdrawal letter should be addressed to our Company and submitted to the Registrar to the Issue at their address before the basis of allotment; otherwise the applications may get rejected as multiple applications. Under existing SEBI Regulations, Non-Institutional Applicants and QIB Applicants cannot withdraw its Application at any stage.

TERMS OF PAYMENT / PAYMENT INSTRUCTIONS

The entire Issue Price of ₹ 40 per Equity Share is payable on application. In case of Allotment of lesser number of Equity Shares than the number applied, our 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 Cooperative 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. Application money can also be remitted electronically through the RTGS / NEFT mechanism.

Cash / 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.

Each Applicant shall draw a cheque or demand draft for the amount payable on the application as per the following terms:

1. The payment instruments for payment into the Public Issue Account should be drawn in favour of:

- **Resident Retail Individual Investors including eligible NRIs applying on non-repatriation basis: "ASHAPURA INTIMATES FASHION IPO – PUBLIC ISSUE ACCOUNT - R".**
- **In case of Non-Resident Retail Individual Investors applying on repatriation basis: "ASHAPURA INTIMATES FASHION IPO – PUBLIC ISSUE ACCOUNT – NR".**

2. In case of application by NRIs applying on repatriation basis, the payments must be made through INR 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 NRE Accounts or 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 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

NRIs applying on non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as the Non-Resident Ordinary Rupee Account ("NRO")/Non-Resident (Special) Rupee account ("NRSR")/ Non-Resident Non-Repatriable Term Deposit Account ("NRNR") accounts. NRIs applying on non-repatriation basis are advised to use the Application Form for Residents (White in colour).

Payment mechanism for ASBA Applications

All investors other than retail individual investors are required to make their application using ASBA process only.

The ASBA applicants shall specify the bank account number in the Application Form and the SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the ASBA Application or receipt of instructions from the Registrar to the Issue to unblock the Application Amount. In the event of withdrawal or rejection of the Application Form or for unsuccessful -Application Forms, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal of the Application by the ASBA Applicant, , as the case may be.

In case of Applications by FIIs, a special Rupee Account should be mentioned in the Application Form, for blocking of funds, along with documentary evidence in support of the remittance.

In case of Applications by Eligible NRIs applying on repatriation basis, a NRE Account or a FCNR Account, maintained with banks authorized to deal in foreign exchange in India, should be mentioned in the Application Form for blocking of funds, along with documentary evidence in support of the remittance.

In case of Applications by Eligible NRIs applying on a non-repatriation basis, a NRE Account or a FCNR Account maintained with banks authorized to deal in foreign exchange in India or a NRO Account, should be mentioned in the Application Form for blocking of funds, along with documentary evidence in support of the remittance.

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 DP ID, Client ID and PAN details match with the depository account. And that the depository account is active.
- Ensure that the Demographic Details (as defined herein above) are updated, true and correct in all respects;
- ASBA Applicants should ensure that the Application Form is signed by the holder of the ASBA Account in case the applicant is not the holder. Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- Ensure that in case of Applications are made under power of attorney or Applications by limited companies, corporate, trusts etc., relevant documents are submitted;
- Ensure that Applications submitted by any person resident outside India should be in compliance with applicable foreign and Indian laws;

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 Banker to the Issue;
- Do not pay the application price in cash, by money order or by postal order;
- Do not send Application Forms by post; instead submit the same to the selected branches / offices of the Banker to the Issue/collection centres;
- 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 Applicants, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account with the Depository held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.

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. 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 that he proposes to subscribe.. 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:

1. All applications are electronically strung on first name, address (1st line) and Applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked annually for age, signature and father/ husband's name to determine if they are multiple applications
2. 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.
3. 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. Our Company reserves the right to reject, in our absolute discretion, all or any multiple applications in any or all categories.

After submitting an ASBA Application either in physical or electronic mode, an ASBA Applicant cannot apply (either in physical or electronic mode) to either the same or another Designated Branch of the SCSB Submission of a second Application in such manner will be deemed a multiple Application and would be rejected. More than one ASBA Applicant may apply for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Application Forms with respect to any single ASBA Account.

Duplicate copies of Application Forms downloaded and printed from the website of the Stock Exchange bearing the same application number shall be treated as multiple Applications and are liable to be rejected. The Company, in consultation with the LM reserves the right to reject, in its absolute discretion, all or any multiple Applications in any or all categories. In this regard, the procedure which would be followed by the Registrar to the Issue to detect multiple Applications is given below:

1. All Applications will be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Applications bearing the same PAN will be treated as multiple Applications and will be rejected.
2. For Applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Applications on behalf of the Applicants for whom submission of PAN is not mandatory such as the Central or State

Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the Application Forms will be checked for common DP ID and Client ID.

PAN

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated 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 Applicant should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected except in the case applications made on behalf of the Central or State Government, Officials appointed by the Courts and investors residing in the State of Sikkim. 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.

However, the exemption for the Central or State Government and the officials appointed by the Courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e., either Sikkim category or exempt category.

Applicants should also note that with effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified will be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Applicants.

RIGHT TO REJECT APPLICATIONS

In addition to the right to reject multiple applications, our 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 technical grounds mentioned below. The decision of our Company and the LM shall be final and binding on this matter.

- 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 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications at a price other than the fixed price of this Issue;
- Applications for number of Equity Shares which are not in multiples of 3,000;
- Category not ticked;
- Multiple Applications as defined in this Draft Prospectus;

- In case of application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by money order/ postal order/ cash;
- Signature of First / Sole Applicant is missing or it is not signed in the manner specified in this Prospectus;
- 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;

Where no corresponding record is available with the Depositories, which matches the parameters, namely, PAN of the First applicant and the DP ID and Client ID,

- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Application by QIBs and NIIs not submitted through ASBA
- With respect to ASBA application, the Application Form not being signed by the account holders, if the account holder is different from the applicant;
- Submission of more than five Application Forms per ASBA Account
- Application by banks not through separate account in own name with any other SEBI registered SCSB/s (SEBI Circular No. CIR/CFD/DIL/1/2013)
- Applications by OCBs;
- 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 our Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;

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."*

BASIS OF ALLOTMENT

The basis of Allotment will be drawn in consultation with the SME Platform of BSE. In the event of full subscription or oversubscription, the allotment will be made as set forth here:

- (1) The allotment of Equity Shares to each retail individual investor shall not be less than the minimum lot, subject to availability of Equity Shares in retail individual investor category, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis.
- (2) The allotment of Equity Shares to applicants other than Retail Individual Investors shall be on proportionate basis and the number of Equity Shares allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as disclosed

Subject to the above, where a proportionate allotment is made, the following process will be adopted;

1. The above proportionate allotment of shares in this 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 Issue of Equity Shares to the public shall initially be made available for allotment to Retail Individual Investors;
 - b) The balance Net Issue of Equity Shares to the public shall be made available for Allotment to i) individual Applicants other than Retail Individual Investors and ii) other investors, including corporate bodies/ QIB, institutions irrespective of number of Equity Shares applied for.
 - c) The unsubscribed portion of the Net Issue 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.

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.

Basis of Allotment in the event of Undersubscription

In the event of under subscription in the Issue, the obligations of the Underwriters shall get triggered in terms of the Underwriting Agreement. The Minimum subscription of 100% of the Issue size as specified in page [•] shall be achieved before our company proceeds to get the basis of allotment approved by the Designated Stock Exchange.

The executive director or managing director of the SME Platform of BSE, in addition to LM and Registrar to the Issue shall be responsible along with our Company to ensure that the basis of Allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

Allotment and Issuance of Allotment Advice

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Board of Directors of our company shall pass a Board Resolution within 9 (nine) working days, allotting the equity shares to the successful applicants. The Registrar to the Issue shall upload the allotment details on its website and our company and Registrar will proceed to effect the corporate action for crediting the shares to the demat account of the allottees. Our Company and Registrar shall endeavour to give instructions to Depositories for credit of shares to successful allottees within 9 (nine) working days of Issue closing day and receive confirmation of Demat credit from Depositories within 11 (eleven) working days of Issue closing day
- (b) In the event of undersubscription in the Issue and the underwriting being called upon to fulfil the obligations under the Underwriting Agreement, our Company shall make the allotments after

achieving the Minimum Subscription within the time specified in clause Minimum Subscription on “Issue Procedure” on page no. 202 of this Draft Prospectus.

- (c) Pursuant to confirmation of corporate actions with respect to Allotment of Equity Shares, the Registrar to the Issue will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue. In their own interest, Allottees should verify the allotment advice received with their demat credits and bring discrepancy if any to the notice of the Registrar and/or to our Compliance Officer.
- (d) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Applicant.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Listing

As stipulated by SEBI, our Company shall complete all the issue formalities including effecting credits to the depository accounts of the Allottees and refunds to other applicants and endeavour to commence trading in our equity shares within twelve (12) working days of the closure of this Issue. This timeline is subject to receipt of the final listing and trading permission from the BSE.

In the event of devolvement of underwriting and the Underwriters meeting their obligations under the Underwriting Agreement, our company shall complete the formalities to list and commence trading within the time specified in Section 70 of the Companies Act.

REFUNDS:

For applications that are rejected for any reasons or applications that are unsuccessful in getting allotments, or Applications entitles to refund of excess application monies in view of oversubscription in the Issue, our Company shall make refunds within ten(10) working days of the Issue closing date. Refunds will be sent to the Bank account linked to the depository account of the applicant. Where refund orders are despatched, they will be printed with the Bank details and mailed to the address as available in the depository system. Our Company, LM or the Registrar will not be liable for any delays or errors if such details are different from the details made in the application.

For ASBA that are rejected for any reasons or unsuccessful in getting allotments or where there is refund of excess monies on account of oversubscription in the issue, the Registrar shall within eight (8) working days of Issue closing date give instructions to the SCSB to unblock the account and the SCSB shall unblock the account within nine (9) working days of Issue closing date.

If there is any delay in effecting the refunds as aforesaid, our Company shall interest at 15% p.a. for the period of delay.

Refunds will be payable in INR only and net of bank charges and/ or commission. In case of Applicants who remit money through INR drafts purchased abroad, such payments in INR will be converted into USD 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. Our Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

Mode of making refunds

The payment of refund, if any, would be done through various modes as given hereunder:

1. **NECS** - Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
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 our Company.
3. **NEFT** - Payment of refund shall be undertaken through NEFT wherever the Applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC 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 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.

UNDERTAKINGS BY OUR COMPANY

We undertake as follows:

1. that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
2. that all steps will be taken for the 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 within twelve Working days of the Issue Closing Date; If underwriting is invoked the time limit shall be extended to that specified in Section 70 of the Companies Act.
3. that the funds required for making refunds as per the modes disclosed and dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
4. That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within ten Working Days of the Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. Instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within eight working days of the Issue Closing Date.
6. That the instruction for electronic credit of Equity Shares / refund orders / intimation about the refund to NRIs shall be completed within the specified time;
7. That no further Issue of Equity Shares shall be made till the Equity Shares issued through the Prospectus are listed or until the application monies are refunded on account of non-listing, under-subscription etc.; and
8. That adequate arrangement shall be made to collect all ASBA and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment.

UTILIZATION OF ISSUE PROCEEDS

Our Board of Directors 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 utilization 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 BSE where listing is sought has been received.

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, Applicant's 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

Retail Individual Investors have an option to apply using the ASBA facility. All other investors have to compulsorily in this Issue using ASBA facility.

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the LM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent inquiries 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 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

Copies of Application Forms will be available for downloading and printing, from the website of BSE (which provide electronic interface for ASBA facility) at least 1 day prior to the Issue Opening Date. A unique application number will be generated for every Application Form downloaded and printed from the websites of the Stock Exchanges.

The LMs shall ensure that adequate arrangements are made to circulate copies of the Prospectus and Application Forms to SCSBs. The members SCSBs will then make available such copies to non- retail Applicants who are required to apply in this Issue through the ASBA process and retail Applicants intending to apply in this Issue through the ASBA process.

An ASBA investor, intending to subscribe to a public issue, shall submit a completed ASBA form to a Self Certified Syndicate Bank (SCSB), with whom the bank account to be blocked, is maintained, through one of the following modes –

(i) Submit the form physically with the Designated Branches (DBs) of the SCSB (“Physical ASBA”);

or

(ii) Submit the form electronically through the internet banking facility offered by the SCSB (“Electronic ASBA”).

The SCSB shall give an acknowledgement by giving the counter foil or specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA, in a physical or electronic mode respectively.

If the bank account specified in the ASBA does not have sufficient credit balance to meet the application money, the ASBA shall be rejected by the SCSB. No cash or cheque or draft will be accepted by the SCSB. The balance has to be maintained in the bank account of the applicant.

(After accepting a Physical ASBA, the SCSB shall block funds available in the bank account specified in the Physical ASBA, to the extent of the application money specified in the ASBA.

The SCSB shall then forward the application to the Registrar with details of the blocked amount.

In case of an Electronic ASBA, the ASBA investor himself/ herself shall fill in all the relevant details, except the application number which shall be system generated.

Withdrawal of the ASBA is allowed only on the basis of a written communication to the Registrar giving details of the application and amount blocked. Withdrawal application should not be made to the SCSB.

After the basis of allotment is approved by the Designated Stock Exchange, the registrar shall provide the following details to each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the issuer’s account designated for this purpose, within the timelines specified in the ASBA facility:

- i) Number of shares to be allotted against each valid ASBA
- ii) Amount to be transferred from the relevant bank account to the issuer’s account designated for this purpose, for each valid ASBA
- iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the issuer’s account designated for this purpose.
- iv) Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn / unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

SCSBs shall unblock the relevant bank accounts for:

- i) Transfer of requisite money to the issuer’s account designated for this purpose against each valid ASBA.
- ii) Withdrawn/ rejected/ unsuccessful ASBAs.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GOI and FEMA. The Foreign Direct Investment (“**FDI**”) Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI (“**DIPP**”) by circular 1 of 2012, with effect from April 10, 2012 (“**Circular 1 of 2012**”), consolidates and supercedes all previous press notes, press releases and clarifications on FDI issued by the DIPP and is currently applicable to all FDI matters.

While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 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.

Foreign investment limit is allowed up to 100% under automatic route in our Company, subject to appropriate approvals of the shareholders in general meeting. Currently, the foreign investment in our company is limited to 24% of the paid up equity share capital of our Company as we have not obtained the approvals of shareholders for a higher limit.

RBI has permitted FIIs 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. Further, transfers of equity 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 foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI Takeovers Regulations (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the regulations /guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in any Public Issue.

The Equity Shares have not been and will not be registered under the US Securities Act or any state securities laws in the USA and may not be offered or sold within the USA or to, or for the account or benefit of persons(as defined in the U.S. Securities Act). Our Company, LM and the Issue Management Team will is not making any selling efforts in any jurisdiction outside India.

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.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to the main provisions of Schedule II of the Companies Act, 1956 and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of the Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Article of Association, and the capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

PRELIMINARY

Article 1

No regulation contained in Table “A” in the First Schedule to Companies Act, 1956 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 1956 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 1956 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 1956 or any re-enactment thereof.

CAPITAL INCREASE AND REDUCTION OF CAPITAL

Article 3: Authorized Capital

- (a) The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.
- (b) The minimum paid up Share capital of the Company shall be ₹5, 00,000/- or such other higher sum as may be prescribed in the Act from time to time.

Article 4: Increase of Capital by the Company

The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution 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 Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act.

Article 6: New Capital Same as Existing Capital

Except so far as otherwise provided by the conditions of issue or by These Presents, 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 installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Article 10: Reduction of Capital

The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce (a) the share capital; (b) any capital redemption reserve account; or (c) any security premium account In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be

called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

SHARES

Article 7: Non Voting Shares

The Board shall have the power to issue a part of authorized capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

Article 8: Redeemable Preference Shares

Subject to the provisions of the Act and these Articles, the shares/securities (whether Equity or Preference) shall be under the control of the Directors who may allot, forfeit or otherwise dispose of the same to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par or at discount, and with full power to give any person the option to call for or be allotted shares of any class of the company either at premium or at par or at discount, such option being exercisable at such times and for such consideration as the Board thinks fit.

Article 8: Voting Rights of preference shares

The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.

Article 9: Provisions to apply on issue of Redeemable Preference Shares

On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:

- (a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;
- (b) No such Shares shall be redeemed unless they are fully paid;
- (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;
- (d) Where any such Shares are redeemed otherwise then 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 capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and
- (e) Subject to the provisions of Section 80 of the Act, the redemption of preference shares hereunder 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 may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital.

Article 11: Debentures

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.

- (a) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.
- (b) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
- (c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.
- (d) Certain charges (which expression includes mortgage) mentioned in Section 125 of the Act, shall be void against the Liquidator or creditor unless registered as provided in Section 125 of the Act.
- (e) A contract with the Company to take up and pay debentures of the Company may be enforced by a decree for specific performance.
- (f) Unless the conditions of issue thereof otherwise provide, the Company shall (subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debentures-stock have completed and ready for delivery the certificate of all debenture-stock allotted or transferred.
- (g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of debenture Trust Deed and inspection thereof.
- (h) The Company shall comply with the provisions of Section 124 to 145 (inclusive) of the Act as regards registration of charges.

Article 12: Issue of Sweat Equity Shares

The Company may exercise the powers of issuing sweat conferred by Section 79A of the Act of a class of shares already issued subject to the following conditions:

- (a) the issue of sweat equity shares is authorized by a special resolution passed by the Company in general meeting;
- (b) the resolution specifies the number of shares, their value and the class or classes of directors or employees to whom such equity shares are to be issued; and
- (c) Not less than one year has at the date of issue elapsed since the date on which the Company was entitled to commence business.

Article 13: ESOP

Subject to the provisions of Section 79A and other applicable provisions of the Act and the Rules made there under, the Company may issue Sweat Equity Shares if such issue is authorized by a Special Resolution passed by the Company in the general meeting. The Company may also issue shares to Employees including its Directors, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act and the Rules and applicable guidelines made there under, by whatever name called.

Article 14: Buy-back of Shares

- (a) Pursuant to Section 77A of the Act, the Company may purchase its own shares or other specified securities out of its free reserves or out of its securities premium account or out of the proceeds of an earlier issue other than fresh issue of shares made specifically for buy-back purposes by passing a special resolution in the General Meeting of the Company.
- (b) Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy-back such of the Company's own shares or securities, subject to such limits, upon

such terms and conditions and subject to such approvals, as may be permitted under Section 77A of the Act and the applicable guidelines and regulations that may be issued in this regard.

Provided that nothing in this clause shall be taken to prohibit:

- (i) the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or employment in the Company; or
 - (ii) the making by the Company of loans, within the limit laid down in subsection (3) of Section 77 of the Act, to persons (other than Directors or Managers) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding Company to be held by themselves by way of beneficial ownership;
- (c) No loan made to any person in pursuance of clause (b) of the foregoing proviso shall exceed in amount, his salary or wages at that time for a period of six months.

Article 15: Consolidation, Sub-Division and Cancellation

Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (I) of Section 94; and the resolution whereby any share is sub-divided, may determine that, as between the holders of the share resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

MODIFICATION OF CLASS RIGHTS

Article 16: Modification of Class Shares

- (a) 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 privileges shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the 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 or dealt, 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 general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.
- (b) The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* therewith.

Article 17: Shares at the disposal of the Directors

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 persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company

in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

Article 19: Power to issue further shares

- (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 either out of the unissued capital or out of the increased share capital 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) such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen days from the date of the offer and 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 them in favour of any other person and the notice referred to in sub clause (ii) hereof shall contain a statement of this right; PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may, renounce the shares offered to him; and
 - (iv) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner and to such person(s) as they may think fit, in their sole discretion;
- (b) Notwithstanding anything contained in sub-clause a (i) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in sub clause (i) of 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 special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the central government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.
- (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 authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(c) 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 debenture issued or loans raised by the company:

(i) to convert such debentures or loans into shares in the company; or

(ii) to subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).

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 the 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 other than debentures issued to, or loans obtained from Government or any institution specified by the central government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

(d) In addition to and without derogating from the powers for that purpose conferred on the Board under Article 16 the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any persons (whether members or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount as the meeting shall determine and with full power to give any person (whether a member or not) the option of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

Article 19: Shares should be numbered progressively and no share to be subdivided

The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Article 20: Acceptance of shares

An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.

Article 21: Directors may allot shares as full paid up

Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.

Article 22: Deposit and call etc, to be a debt payable immediately

The money (if any) which the Board 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 become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.

Article 23: Liability of Members

Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

Article 24: Registration of shares

Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.

Article 25: Return on Allotment to be made or Restrictions on Allotment

The Board shall observe the restrictions as regards allotment of shares to the public contained in Sections 69 and 70 of the Act, and as regards return on allotments, the Directors shall comply with Section 75 of the Act."

CERTIFICATES

Article 26: Share Certificates

(a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.

(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.

(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Article 27: Issue of new certificates in place of those defaced, lost or destroyed

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 ₹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 the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

Article 28: The first named joint holder deemed Sole holder

(a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.

(b) The Company shall not be bound to register more than three persons as the joint holders of any share.

Article 29: Company not bound to recognise any interest in share other than that of registered holders

Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Article 30: Installments on shares to be duly paid

If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.

UNDERWRITING AND BROKERAGE

Article 31: Commission

Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

Article 32: Brokerage

The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.

Article 33: Commission to be included in annual return

Where the Company has paid any sum by way of commission in respect of any Shares or Debentures or allowed any sums by way of discount in respect to any Shares or Debentures, such statement thereof shall be made in the annual return as required by Part I of Schedule V to the Act.

INTEREST OUT OF CAPITAL

Article 34

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building the provision of any plant, or onshore or offshore rigs, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital at a rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

CALLS

Article 35: Director may make calls

(1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the 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 places appointed by the Board.

(2) A call may be revoked or postponed at the discretion of the Board.

(3) A call may be made payable by installments.

Article 36: Notice of Calls

Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

Article 37: Calls to date from resolution

A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.

Article 38: Calls on uniform basis

Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.

Article 39: Directors may extend time

The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.

Article 40: Calls to carry interest

If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

Article 41: Sums deemed to be calls

If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.

Article 42: Proof on trial of suit for money due on shares

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, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that 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 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.

Article 43: Judgment, decree, partial payment not to proceed for forfeiture

Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of 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 forfeiture of such shares as hereinafter provided.

Article 44: Payments in anticipation of calls may carry interest

(a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of

the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing; provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits. (b) No Member paying any such sum in advance shall be entitled to 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 this Article shall mutatis mutandis apply to calls on debentures issued by the Company

LIEN

Article 45: Company to have a Lien on shares

If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of 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.

Article 46: As to enforcing lien by sale

For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of 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 transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as 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.

Article 47: Application of sale proceeds

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

FORFEITURE AND SURRENDER OF SHARES

Article 48: If call or installment not paid, notice may be given

If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as

remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.

Article 49: Terms of notice

The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.

The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

Article 50: On default of payment, shares to be forfeited

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

Article 51: Notice of forfeit to Member

When any shares have been 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 of Members.

Article 52: Forfeited Shares to be the property of the Company and may be sold etc

Any shares 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 in their absolute discretion shall think fit.

Article 53: Members still liable to pay money owing at time of forfeiture and interest

Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, 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 the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.

Article 54: Effect of forfeiture

The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Article 55: Evidence of Forfeiture.

A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles 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.

Article 56: Title of purchaser and allottee of Forfeited shares

The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

Article 57: Cancellation of share certificate in respect of forfeited shares

Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, 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, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

Article 58: Forfeiture may be remitted

In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.

Article 59: Validity of sale

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers 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 of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Article 60: Surrender of shares

The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

TRANSFER AND TRANSMISSION OF SHARES

Article 61: Execution of the instrument of shares

(a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.

(b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

Article 62: Transfer Form.

The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 108 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.

Article 63: Transfer not to be registered except on production of instrument of transfer

The Company shall not register a transfer in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law. Apart from complying with such other terms and conditions as may be laid down by a recognized stock exchange, the company shall satisfy the stock exchange that:

(a) Its articles of association provide for the following among others—

(1) that the company shall use a common form of transfer

Article 64: Directors may refuse to register transfer

Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. However, no transfer of shares/debentures shall be refused on the ground of them not being held in marketable lots.

Article 65: Notice of refusal to be given to transferor and transferee

If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.

Article 66: No fee on transfer

No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.

Article 67: Closure of Register of Members

The Board of Directors shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the Register of Members and/or the Register of debentures 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 at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

Article 68: Custody of transfer Deeds

The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.

Article 69: Application for transfer of partly paid shares & Notice to Transferee

Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

Article 70: Recognition of a legal representative

(a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.

(b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.

Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate.

(c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Article 71: Titles of Shares of deceased Member

The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.

Article 72: Notice of application when to be given

Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

Article 73: Registration of persons entitled to share otherwise than by transfer. (transmission clause)

Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, 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 Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.

Article 74: Refusal to register nominee

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Article 75: Board may require evidence of transmission

Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

Article 76: Company not liable for disregard of a notice prohibiting registration of transfer

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 or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same 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 of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book 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 Directors shall so think fit.

Article 77: Form of transfer outside India

In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Article 60 hereof as circumstances permit.

Article 78: No transfer too insolvent etc

No transfer shall be made to any minor, insolvent or person of unsound mind.

NOMINATION

Article 79: Nomination

i) Notwithstanding anything contained in the articles, every holder of shares or debentures of the Company may, at any time, nominate a person in whom his/her shares or debentures shall vest in the event of his/her death and the provisions of Section 109A and 109B of the Companies Act, 1956 shall apply in respect of such nomination.

ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the shares or debentures of the Company in the manner specified under Section 109A of the Companies Act, 1956

iii) The Company shall not be in any way responsible for transferring the shares and/or debentures consequent upon such nomination.

iv) If the holder(s) of the shares or debentures survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.

Article 80: Transmission of Securities by nominee

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

(i) to be registered himself as holder of the share or debenture, as the case may be; or

(ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, could have made;

(iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;

(iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

DEMATERIALISATION OF SHARES

Article 81

For the purpose of this Article, unless the context otherwise requires:

A. Definitions:

“Beneficial Owner” means a person whose name is recorded as such with a depository.

“Bye-Laws” mean Bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

“Depositories Act” means the Depository Act, 1996, including any statutory modifications or re-enactment for the time being in force.

“Depository” means a Company formed and registered under the Act and which has been granted a Certificate of Registration under the Securities and Exchange Board of India Act 1992.

“Member” means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as beneficial owner in the records of the depository.

“Participant” means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

“Record” includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the Regulations issued by the Securities and Exchange Board of India in relation to the Depository Act, 1996.

“Registered Owner” means a depository whose name is entered as such in the records of the Company.
“SEBI” means the Securities and Exchange Board of India

“Security” means such security as may be specified by the Securities and Exchange Board of India from time to time. Words imparting the singular number only includes the plural number and vice versa. Words imparting persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996 shall have the same meaning respectively assigned to them in that Act.

A. Company to Recognize Interest In Dematerialized Securities Under The Depositories Act, 1996:

Either the Company or the investor may exercise an option to issue, de-link, hold the securities (including shares) with a depository in Electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof

B. Dematerialisation/Re-Materialisation of Securities :

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, re-materialize its securities held in Depositories and/or offer its fresh securities in the de-materialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any;

C. Option To Receive Security Certificate Or Hold Securities With Depository :

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;

D. *Securities in Depositories to be Electronic Form :*

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Section 153, 153A, 153B, 187 B, 187 C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

E. *Beneficial Owner Deemed As Absolute Owner:*

Except as ordered by the Court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the register of members as the holders of any share or whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them

F. *Rights of Depositories and Beneficial Owners :*

- (i). Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
- (ii). Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;
- (iii). Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

G. *Cancellation Of Certificates Upon Surrender By Person:*

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the depository as the Registered Owner in respect of the said securities and shall also inform the Depository accordingly.

H. *Service of Documents :*

Notwithstanding anything to the contrary contained in these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies and discs.

I. *Allotment Of Securities:*

Where the securities are dealt within a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

J. *Transfer of Security :*

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in depository.

K. *Sections 83 and 108 of the Act not apply :*

Notwithstanding anything to the contrary contained in the Articles –

- (i). Section 83 of the Act shall not apply to the shares with a Depository;
- (ii). Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

L. *Register and Index of beneficial owners :*

The Company shall cause to be kept a Register and Index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a Register and Index of members for the purposes of this 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.

M. *Intimation to Depository :*

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

N. *Stamp duty on securities held in dematerialized form :*

No stamp duty would be payable on shares and securities held in dematerialized form in any medium as may be permitted by law including any form of electronic medium.

O. *Applicability of the Depositories Act :*

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

P. *Company to recognise the rights of registered Holders as also the beneficial Owners in the records of the Depository :*

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards to receipt of dividend or bonus or service of notices and all or any other matters connected with the Company and accordingly, the Company shall not except as ordered by a Court of competent jurisdiction or as by law required be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

Q. *Declaration by person not holding beneficial interest in any Shares*

(1) Notwithstanding anything herein contained a person whose name is at any time entered in Register of Member of the Company as the holder of a Share in the Company, but who does not

hold the beneficial interest in such Shares, shall, if so required by the Act within such time and in such forms as may be prescribed, make declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in the manner provided in the Act.

(2) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall if so required by the Act, within the time prescribed, after his becoming such Beneficial Owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the Shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act.

(3) Whenever there is a change in the beneficial interest in a Share referred to above, the Beneficial Owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.

(4) Notwithstanding anything contained in the Act and Articles 37 and 38 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

R. *Distinctive Number Of Securities Held In A Depository:*

The shares in the capital shall be numbered progressively according to their several denominations, provided, however that the provisions relating to progressive numbering shall not apply to the share of the Company which are in dematerialized form. Except in the manner provided under these Articles, no share shall be sub-divided. Every forfeited or surrendered share be held in material form shall continue to bear the number by which the same was originally distinguished.

S. *Option To Opt Out In Respect Of Any Such Security:*

If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

T. *Overriding Effect Of This Article:*

Provisions of this Article will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Articles of these presents.

JOINT HOLDER

Article 82: Joint Holders

Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles:

(a) the Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.

(b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person;

(c) only the person whose name stands first in the Register of Members may give effectual receipts of any dividends or other moneys payable in respect of share; and

(d) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall be deemed to be service on all the holders.

SHARE WARRANTS

Article 83: Power to issue share warrants

The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Article 84: Deposit of share warrants

(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.

(b) Not more than one person shall be recognized as depositor of the Share warrant.

(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.

Article 85: Privileges and disabilities of the holders of share warrants

(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.

Article 86: Issue of new share warrant coupons

The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK

Article 87: Conversion of shares into stock or reconversion

The Company may, by ordinary resolution in General Meeting

- a) convert any fully paid-up shares into stock; and
- b) re-convert any stock into fully paid-up shares of any denomination.

Article 88: Transfer of stock

The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Article 89: Rights of stock holders.

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose.

Article 90: Regulations

Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.

BORROWING POWERS

Article 91: Power to Borrow

Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board receive deposits or loans from members either as an advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.

Article 92: Issue of discount etc. or with special privileges

Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

Article 93: Securing payment or repayment of Moneys borrowed

The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charge, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities

between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.

Article 94: Bonds, Debentures etc. to be under the control of the Directors

Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Article 95: Mortgage of uncalled Capital

If any uncalled capital of the Company is included in or charged by any mortgage or other security the 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.

Article 96: Indemnity may be given

Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, 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 way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

MEETINGS OF MEMBERS

Article 97: Annual General Meeting

(a) The Company shall, in each year, hold, in addition to any other meetings, a General Meeting as its Annual General meeting, and shall specify the meeting as such in the notice calling it, and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that of the next and the Annual General Meeting shall be held within six months of the expiry of its financial year.

Provided that if the Registrar shall have, for any special reason, extended the time within which any Annual General Meeting shall be held, by a period not exceeding three months, then such Annual General Meeting may be held within such extended period.

(b) Every Annual General Meeting shall be called at a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the City, town or village in which the Registered office is situated.

(c) The Statutory Meeting of the Company shall be held at such place and at such time (not less than one month nor more than six months from the date at which the Company is entitled to commence business) as the Directors may determine and in connection therewith, the Directors shall comply with the provisions of Section 165 of the Act.

Article 98: Distinction between AGM & EGM

All the General Meetings of the Company other than Annual General Meetings shall be called Extraordinary General Meetings.

Article 99: Requisitionists' meeting

(1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:-

(a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.

(b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.

(2) The number of Members necessary for a requisition under clause (1) hereof shall be –

(a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or

(b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lac in all.

(3) Notice of any such resolution shall be given and any such statement shall be circulated, to Members of the Company entitled to have notice of the Meeting sent to them by serving a copy of the resolution or statement to each Member in any manner permitted by the Act for service of notice of the Meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The copy of the resolution shall be served, or notice of the effect of the resolution shall be given, as the case may be in the same manner, and so far as practicable, at the same time as notice of the Meeting and where it is not practicable for it to be served or given at the time it shall be served or given as soon as practicable thereafter.

(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:

(a) A copy of the requisition signed by, the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the Registered Office of the Company.

(i) In the case of a requisition, requiring notice of resolution, not less than six weeks before the Meeting.

(ii) the case of any other requisition, not less than two weeks before the Meeting, and

(b) There is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the Registered Office of the Company, and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

(5) The Company shall also not be bound under this Article to circulate any statement, if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.

(6) Notwithstanding anything in these Articles, the business which may be dealt with at Annual General Meeting shall include any resolution for which notice is given in accordance with this Article, and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it to one or more Members.

Article 100: Extra-Ordinary General Meeting by Board and by requisition

(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of the Members as herein provided, forthwith proceed to convene Extra-Ordinary General Meeting of

Article 101: When a Director or any two Members may call an Extra Ordinary General Meeting

(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

Article 102: Contents of requisition, and number of requisitionists required and the conduct of Meeting

(1) In case of requisition the following provisions shall have effect:

(a) The requisition shall set out the matter for the purpose of which the Meeting is to be called and shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.

(b) The requisition may consist of several documents in like form each signed by one or more requisitionists.

(c) The number of Members entitled to requisition a Meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as that date carried the right of voting in regard to that matter.

(d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.

(e) If the Board does not within twenty-one days from the date of the deposit of a valid requisition in regard to any matters, proceed, duly to call a Meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the Meeting may be called:

(i) By the requisitionists themselves; or

(ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of the paid-up share capital of the Company as is referred to in sub clauses (c) of clause (1) whichever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall, in the case of a Meeting at which a resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the Meeting if they do not give such notice thereof as is required by sub-section (2) of Section 189 of the Act.

(2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them: (a) shall be called in the same manner as, nearly as possible, as that in which meeting is to be called by the Board; but (b) shall not be held after the expiration of three months from the date of deposit of the requisition.

PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a Meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some days after the expiry of that period.

- (3) Where two or more Persons hold any Shares in the Company jointly; a requisition or a notice calling a Meeting signed by one or some only of them shall, for the purpose of this Article, have the same force and effect as if it has been signed by all of them.
- (4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly to call a Meeting shall be repaid to the requisitionists by the Company; and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Article 103: Length of notice of General Meeting

(a) A General Meeting of the Company, Annual or Extraordinary and by whomsoever called, may be called by giving not less than 21 days clear notice in writing.

(b) A General Meeting may be called by giving shorter notice than that specified in clause (1) hereof if consent is accorded thereto (a) in the case of an Annual General Meeting by all the members entitled to vote thereto and (b) in case of any other general meeting, by members of the Company holding not less than ninety-five per cent of the total voting power exercisable at that meeting.

PROVIDED THAT where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this clause in respect of the former resolution and not in respect of the latter.

Article 104: Meeting not to transact business not mentioned in notice.

No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.

Article 105: Chairman of General Meeting

At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.

Article 106: Quorum for General Meeting

For all purposes the quorum at a general meeting shall be five members personally present. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

Article 107: Business confined to election of Chairman whilst chair is vacant

(a) The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.

(b) No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.

Article 108: Chairman with consent may adjourn meeting

The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

When a Meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or any business to be transacted at an adjourned meeting.

Article 109: Chairman's casting vote

In the case of an equality of votes the Chairman shall both on a show of hands and on a poll (if any) have casting vote in addition to the vote or votes to which he may be entitled as a Member.

Article 110: In what case poll taken without adjournment.

Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.

Article 111: Questions at general meeting, how decided

At any general meeting a resolution including a special resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of a show of hands) demanded : (a) by the Chairman; or (b) by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution; or (c) by any member or members present in person or by proxy and holding shares in the company on which an aggregate sum of not less than Rupees fifty thousand has been paid up.

Article 112

A declaration by the Chairman that in pursuance of voting on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and any entry to that effect in the books containing the minutes of the proceedings of the meeting shall be conclusive evidence of the fact, without proof of the number or proportion of votes in favor or against such resolution.

Article 113: Demand for poll not to prevent transaction of other business

The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS**Article 114: Members in arrears not to vote**

No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.

Article 115: Number of votes each member entitled

Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of

the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

Article 116: Casting of votes by a member entitled to more than one vote

On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Article 117: Vote of member of unsound mind and of minor

If any Member is lunatic, minor, unsound mind or, idiot, the vote in respect of his/ her shares shall be cast by his/her legal guardian(s) may vote whether on a show of hands or on a poll vote by proxy, provided that such evidence of the authority of the person claiming to vote as shall be accepted by the Directors shall have been deposited at the office of the Company not less than forty eight hours before the time of holding a meeting.

Article 118: Postal Ballot

Notwithstanding anything contained in the provisions of the Companies Act, 1956, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.

Article 119: Votes of joint members

If there are joint holders of any shares, any one of such persons may vote at any meeting or appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of the said persons remain present than the person whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.

Article 120: Votes may be given by proxy or by representative

Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Article 104.

Article 121: Representation of a body corporate

A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 187 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.

Article 122: Members paying money in advance & Members not prohibited if share not held for any specified period.

(a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.

(b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.

Article 123: Votes in respect of shares of deceased or insolvent members

Any person entitled under Article 65 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote provided he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.

Article 124: No votes by proxy on show of hands

No Member personally present shall be entitled to vote on a show of hands unless such member is present by attorney or is a corporation present by proxy or a company present by a representative duly Authorised under the provisions of the Act in which case such attorney, proxy or representative may vote on a show of hands as if he were a Member of the Company. In the case of a company the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such company and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.

Article 125: Appointment of a proxy

Any member of the Company 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 PROVIDED ALWAYS THAT a proxy so appointed shall not have any right whatsoever to speak at the Meeting. Every notice convening a Meeting of the Company shall state that a member entitled to attend and vote is entitled to one or more proxies.

Article 126: Form of proxy

Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any one of the forms set out in Schedule IX of the Act, or if the appointer is a body corporate be under its seal or be signed by any Officer or attorney duly Authorised by it.

Article 127: Validity of votes given by proxy notwithstanding death of a member

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.

Article 128: Inspection of proxies

Every member entitled to vote at a Meeting of the Company according to the provisions of these Articles on any resolution to be moved thereof shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting, to inspect proxies lodged, at any time during

the business hours of the Company provided not less than three days notice in writing of the intention to inspect is given to the Company.

Article 129: Time for objections to votes

No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Article 130: Chairman of the Meeting to be the judge of validity of any vote

The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the time of taking a poll shall be the sole judge of the validity of every vote tendered at such poll.

Article 131: Resolutions requiring special notice

(1) Whereby any provision contained in the Act or in these Articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the Meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.

(2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the Meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the Meeting.

(3) The following resolution shall require special notice:

(a) resolution under Section 225 of the Act at an Annual General Meeting for appointing a person as Auditor other than a retiring Auditor or providing expressly that a retiring Auditor shall not be re-appointed.

(b) resolution under Section 284 of the Act removing a Director before the expiry of his period of office.

(c) resolution under Section 284 of the Act appointing a Director in place of the Directors so removed.

DIVIDEND WARRANTS

Article 189: Division of profits

(1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

Article 190: The company in General Meeting may declare Dividends

The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

Article 191: Dividend out of profits only

(1) No Dividend shall be declared or paid by the Company for any 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-clause (2) or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after the transfer to the reserves of the Company of such percentage out of the profits for that year not exceeding ten per cent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf. PROVIDED HOWEVER whether owing to inadequacy or absence of profits in any year, the Company proposes to declare out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and whether any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.

(2) The depreciation shall be provided either —

(a) to the extent specified in Section 350 of the Act; or

(b) in respect of each item of a depreciable asset, for such an amount as is arrived at by dividing 95 per cent of the original cost thereof to the Company by the specified period in respect of such asset; or

(c) on any other basis approved by the Central Government which has the effect of writing off by way of depreciation 95 per cent of the original cost of the Company of its such depreciable asset on the expiry of the specified period; or

(d) as regards any other depreciation assets for which no rate of depreciation has been laid down by the Indian Income-tax Act, 1961 or the rules made there-under on such basis as may be approved by the Central Government by any general order published in the Official Gazette or by any special order in the case of the Company;

Provided that where depreciation is provided for in the manner laid down in Clause (b) or Clause (c), then in the event of the depreciated assets being sold, discarded, demolished or destroyed, the written down value thereof at the end of the financial year in which the asset is sold, discarded, demolished or destroyed shall be written off in accordance with the proviso to Section 350 of the Act.

(3) No dividend shall be payable except, in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

(4) Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

(5) For the purposes of this Article 'Specified period' in respect of any depreciable asset shall mean the number of years at the end of which at least 95 per cent of the original cost of that asset to the Company will have been provided for by way of depreciation, if depreciation were to be calculated in accordance with the provisions of Section 350 of the Act.

Article 192: Interim Dividend

The Board of Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Article 193: Debts may be deducted

The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Article 194: Capital paid up in advance at interest not to earn dividend

Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or to participate in profits.

Article 195: Dividends in proportion to amount paid-up

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

Article 196: Retention of dividends until completion of transfer under Article 64

The Board of Directors may retain the dividend payable upon shares in respect of which any person under Article 65 has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

Article 197: No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof

No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

Article 198: Effect of transfer of shares

A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

Article 199: Dividend to joint holders

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

Article 200: Dividends how remitted; Notice of dividend; Dividend to be paid within thirty days

The dividend payable in cash may be paid by cheque or warrant sent through post direct to the registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holder or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any

dividend lost, to the member or person entitled thereto by forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.

Article 201: Notice of dividend

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

Article 202: Reserves

The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors, be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

Article 203: Dividend to be paid within thirty days

(1) The Company shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within “thirty” or such days as may be prescribed from the date of the declaration of the dividend unless –

- (a) where the dividend could not be paid by reason of the operation of any law;
- (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
- (c) where there is a dispute regarding the right to receive the dividend;
- (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or
- (e) where for any other reasons, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

(2) (a) The amount of dividend, including interim dividend, declared shall be deposited in a separate bank account within five days from the date of declaration of such dividend or such time as may be prescribed in the Act from time to time.

(b) If the dividend has not been paid within thirty days or such time as may be prescribed in the Act from time to time to a share holder, then the Company shall within seven days from the date of expiry of the said thirty days or such days as prescribed transfer the whole of the dividend amount to a special account called “Unpaid/Unclaimed Dividend Account- ASHAPURA INTIMATES FASHION LIMITED” to be opened with a scheduled bank.

(c) Any money transferred to the unpaid/Unclaimed dividend account of the Company, which remains unpaid or unclaimed for a period of seven years or such time as may be prescribed in the Act from time to time from the date of such transfer shall be transferred by the Company to Investor Education and Protection Fund established under Section 205C of the Act and transfer to the said account the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Article 204: Unclaimed amounts as per Section 205C

All amounts due as provided in Section 205C of the Companies Act, 1956, which remains unpaid or unclaimed for a period of seven years from the date of transfer to the prescribed accounts provided in the Act shall be transferred by the Company to the general revenue account of the Central Government. Any

claims to any money so transferred to the general account may be preferred to the Central Government by the shareholders to whom the money is due.

Article 205: No interest on Dividends

No unclaimed dividend shall be forfeited and no unpaid dividend shall bear interest as against the Company.

Article 206: Dividend and call together

Any General Meeting declaring a dividend may on the recommendations of the Directors make a call of the Members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and members be set off against the calls.

CAPITALIZATION

Article 207: Capitalization

(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:

(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

(3) A Securities Premium Account, Share Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.

(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

Article 208: Fractional Certificates

(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —

(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and

(b) generally to do all acts and things required to give effect thereto.

(2) The Board shall have full power —

(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.

(3) Any agreement made under such authority shall be effective and binding on all such members.

(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

Article 227: Distribution of Assets

If the Company is to be wound up and the assets available for distribution among the Members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid-up, or which ought to have been paid-up, at the commencement of the winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the Members are 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 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.

Article 228: Distribution in specie or kind

a) If the Company is to be wound up, whether voluntarily or otherwise, the liquidators may with the sanction of a Special Resolution, divide amongst the contributories, in specie or 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, shall think fit.

(b) 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 where 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 have ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.

(c) In case any share to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after passing of the Special Resolution by notice in writing direct the liquidators to sell his portion and pay him the net proceeds and the liquidators shall if practicable act accordingly.

Article 229: Rights of shareholders in case of sale

A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of 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.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been attached to the copy of the Prospectus delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between [●] a.m. and [●] p.m. on all Working Days until the Issue Closing Date.

A. Material Contracts for the Issue

1. Engagement letter executed on July 30, 2012 between our Company and KJMC.
2. Memorandum of Understanding dated February 18, 2013 between our Company and KJMC.
3. Memorandum of Understanding dated December 24, 2012 between our Company and the Registrar to the Issue.
4. Underwriting Agreement dated [●] between our Company, KJMC and NNM Securities Private Limited
5. Market Making Agreement dated [●] between our Company, KJMC and NNM Securities Private Limited
6. Share subscription agreement dated January 23, 2013 for proposed investment in equity shares of MAPL
7. Tripartite Agreement dated [●] between our Company, NSDL and the Registrar to the Issue.
8. Tripartite Agreement dated January 29, 2013 between our Company, CDSL and the Registrar to the Issue

B. Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company
2. Certificate of Incorporation dated July 17, 2006, issued by the Registrar of Companies, Mumbai, Maharashtra
3. Fresh certificate of incorporation consequent to change of name dated November 9, 2012 and further copy of certificate of incorporation upon change of name on conversion into a public limited company dated December 19, 2012 issued by the Registrar of Companies, Mumbai.
4. Resolution of the Board of Directors dated January 9, 2013 in relation to this Issue and other related matters.
5. Resolution of the Board of Directors dated December 19, 2012 appointing Mr. Harshad H. Thakkar as the Managing Director of our Company with effect from December 19, 2012
6. Resolution of the Board of Directors dated December 19, 2012 appointing Mrs. Darshana H. Thakkar and Mr. Dinesh C. Sodha as whole-time directors of our Company with effect from December 19, 2012

7. Agreement dated January 10, 2013 between the Company and Mr. Harshad H. Thakkar, appointing him the managing director of the Company with effect from December 19, 2012 for a period of 5 years.
8. Copies of annual reports of our Company for the last five financial years and audited financial statements for six months period ended September 30, 2012.
9. Auditors Report for restated financial statements dated January 15, 2013.
10. Certificate for statement of tax benefits dated January 15, 2013 issued by the Auditors of our Company.
11. Auditors Report dated January 24, 2013 for MAPL in terms of Financial Information as required under Schedule VIII Part A point no (IX) [Financial Statements] Para B and sub para 5 (a) and (b) of SEBI (ICDR) Regulations
12. Valuation Report dated January 22, 2013 from M/s Manish D Jain & Co., Chartered Accountants, 2, Meena Niwas, J. P. Road, Ghatkopar (West), Mumbai – 400 086.
13. Consent of our Directors, the Lead Manager, Legal Advisors to the Issue, Registrar to the Issue, Banker to the Issue, Banker to our Company, Company Secretary and Compliance Officer as referred to in their specific capacities.
14. Due Diligence Certificate dated February 19, 2013 from the Lead Manager.
15. Listing approval dated [●] issued by the BSE for listing on the SME Platform.
16. SME Fundamental Grading Report dated February 18, 2013 from CARE

Any of the contracts or documents mentioned in this 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

All relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or rules or regulations made there under or guidelines issued, as the case may be. We further certify that all the statements in this Draft Prospectus are true and correct.

Signed by the Directors of our Company

_____ Sd/-	Harshad H. Thakkar (Chairman & Managing Director)
_____ Sd/-	Darshana H. Thakkar (Whole Time Director)
_____ Sd/-	Dinesh C. Sodha (Whole Time Director)
_____ Sd/-	Arun Bagaria (Independent and Non-Executive Director)
_____ Sd/-	Ramakant Nayak (Independent and Non-Executive Director)
_____ Sd/-	Mohit Shah (Independent and Non-Executive Director)

Signed by the Senior Accountant of our Company

_____ Sd/-	Vipin Pandey (Senior Accountant)
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Signed by the Company Secretary & Compliance Officer of our Company

_____ Sd/-	Sonali Gaikwad (Company Secretary & Compliance Officer)
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Date: February 18, 2013

Place: Mumbai

ANNEXURE – GRADING RATIONALE FOR SME FUNDAMENTAL GRADING



Mr. Harshad H. Thakkar,
Chairman & Managing director
Ashapura Intimates Fashion Limited
Shop no. 3-4, Pacific Plaza,
Off Bhawani Shankar Road, Mahim Division
Dadar (W), Mumbai - 400 028

**CREDIT ANALYSIS &
RESEARCH LTD.**

4th Floor, Godrej Colliseum,
Sahayra Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai - 400 022, INDIA.
☎ : 67543456 Fax : (022) 67543457
E-mail : care@careratings.com
www.careratings.com

Date: February 18, 2013

Dear Sir,

SME FUNDAMENTAL GRADE

Please refer to your request for SME Fundamental grading of Ashapura Intimates Fashion Limited (AIFL). CARE has assigned a 'SME Fundamental Grade 4' [SME Fundamental Grade Four] to the company. SME Fundamental Grade 4 indicates Very Good fundamentals. SME Fundamental Grade is an independent and professional opinion on the fundamentals of the company. The grade assigned to any individual company represents a relative assessment of the fundamentals of that company in comparison with other SMEs.

2. The explanatory notes regarding the grading symbols of CARE for SME Fundamental grading are annexed. The detailed grading report for this grading will be communicated to you separately.
3. Please note that wherever 'SME Fundamental Grade 4' [SME Fundamental Grade Four] appears, it should be invariably preceded by 'SME' and followed by the definition 'SME Fundamental Grade 4 [SME Fundamental Grade Four] indicates Very Good fundamentals'.
4. Please note that the disclaimer as given hereunder should be disclosed wherever the SME Fundamental grading assigned by CARE is mentioned.
5. The above SME fundamental grading is valid for a period of three months from the date of provisional communication i.e. February 12, 2013. CARE reserves the right to undertake a review of the same from time to time based on the circumstances warranting such review.
6. CARE reserves the right to suspend/revise the grading assigned on the basis of new information or in the event of failure on the part of the entity to furnish such

CARE Ratings

information material or clarifications as may be required by CARE. CARE shall also be entitled to publicize / disseminate such suspension / revision in the assigned grade in any manner considered appropriate by it, without reference to you.

7. Users of this grading may kindly refer our website www.careratings.com for latest update on the outstanding grading.
8. SME Fundamental grading assigned to your company cannot be construed as either investment guidance or any other advice or any solicitation, whatsoever.

If you have any further clarifications, you are welcome to approach us. We are indeed grateful to you for entrusting this assignment to CARE.

Thank you,

Yours faithfully,

A. B. Thakker
[Akhil B. Thakker]
Deputy Manager

Nitesh Dhoot
[Nitesh Dhoot]
Manager

Encl: As above

Disclaimer

CARE's SME Fundamental grading is an assessment which is drawn heavily from the information provided by the company as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's SME Fundamental grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the company; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the SME Fundamental grading.

Annexure

SME Fundamental Grading – Grading Symbols and Definitions

SME Fundamental Grade	Definition
SME Fundamental Grade 5 /5	Strong fundamentals
SME Fundamental Grade 4 /5	Very Good fundamentals
SME Fundamental Grade 3 /5	Good fundamentals
SME Fundamental Grade 2 /5	Modest fundamentals
SME Fundamental Grade 1 /5	Weak fundamentals

The SME fundamental grade reflects the fundamentals of the company as compared to other SMEs in India.

