



VISHAL FABRICS LIMITED

CIN No. - U17110GJ1985PLC008206

Our Company was incorporated as Vishal Fabrics Private Limited on October 22, 1985 under the Companies Act, 1956 bearing Registration No. 008206 of 1985-86 and having its Registered Office in Ahmedabad, Gujarat. Subsequently, the status of our Company was changed to a public limited company and the name of our Company was changed to Vishal Fabrics Limited vide special resolution dated February 25, 2014. A fresh Certificate of Incorporation consequent upon change of name was issued on March 31, 2014 by the Registrar of Companies, Ahmedabad, Gujarat. For details, see "History and Certain Corporate Matters" on page 94 of this Prospectus.

Registered Office: Ranipur, Narol Road, Ahmedabad – 382405. Gujarat

Tel No.: +91 – 79 – 25353977 / 78 / 79 / 80; **Fax No.:** +91 – 79 – 25353981;

Email: cs.vfl@chiripalgroup.com; **Website:** www.vishalfabricsltd.com

Corporate Office: Chiripal House, Near Shivranjani Cross Roads, Satellite, Ahmedabad – 380015

Tel. No.: +91 – 79 – 26734660 / 62 / 63; **Fax No.:** +91 – 79 – 26768656;

Contact Person: Ms. Poonam Pabla, Company Secretary and Compliance Officer.

Our Promoter: Chiripal Industries Limited

THE ISSUE

PUBLIC ISSUE OF 34,74,000 EQUITY SHARES OF ₹ 10/- EACH ("EQUITY SHARES") OF VISHAL FABRICS LIMITED ("VFL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 45/- PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹ 1,563.30 LAKHS ("THE ISSUE"), OF WHICH, 1,74,000 EQUITY SHARES OF ₹ 10/- EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 33,00,000 EQUITY SHARES OF ₹ 10/- EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.37% AND 25.05%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.

THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.

For further details see "Issue Related Information" beginning on page 183 of this Prospectus.

All potential investors may participate in the Issue through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Issue Procedure" on page 189 of this Prospectus. In case of delay, if any in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the company, there has been no formal market for the securities of the company. The face value of the shares is ₹ 10/- per Equity Share and the issue price is 4.50 times of the face value. The Issue Price (as determined by Company in consultation with the Lead Manager) as stated under the paragraph on "Basis for Issue Price" on Page 57 of this Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the equity shares of our company or regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer 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 offering. For taking an investment decision investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. **Specific attention of the Investors is invited to the statement of Risk Factors given on Page 9 of this Prospectus under the Section "Risk Factors".**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the SME Platform of BSE Limited ("BSE"). 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 shares being offered in this Issue. However, our Company has received an approval letter dated July 01, 2014 from BSE for using its name in the Offer Document 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 ("BSE").

LEAD MANAGER



ARYAMAN FINANCIAL SERVICES LIMITED

60, Khatau Building, Ground Floor,
Alkesh Dinesh Modi Marg, Fort,
Mumbai – 400 001

Tel No.: +91 – 22 – 2261 8264 / 8635

Fax No.: +91 – 22 – 2263 0434

Email: info@afsl.co.in

Web: www.afsl.co.in

Contact Person: Mr. Pranav Nagar/ Mr. Krish Sanghvi

SEBI Registration No. INM000011344

REGISTRAR TO THIS ISSUE



LINK INTIME INDIA PRIVATE LIMITED

C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup West,
Mumbai – 400 078.

Tel. No.: +91 – 22 – 2596 3838

Fax No.: +91 – 22 – 2596 0329

Email: vfl.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sachin Achar

SEBI Regn. No.: INR000004058*

ISSUE OPENS ON

July 31, 2014

ISSUE CLOSES ON

August 05, 2014

* The SEBI registration of Link Intime India Private Limited, the Registrar to the Offer, was valid up to May 5, 2014. Link Intime India Private Limited had filed for Renewal of Registration vide application dated January 30, 2014. SEBI vide its letter dated July 09, 2014 has in-principally approved the permanent registration of Link Intime India Private Limited subject to payment of requisite fees.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
Vishal Fabrics Limited / VFL / The Company / Company / We / Us / Our / Our Company / the Issuer	Unless the context otherwise indicates or implies refers to Vishal Fabrics Limited a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office in the state of Gujarat.

Company Related Terms

Terms	Description
Articles / Articles of Association	Unless the context otherwise requires, refers to the Articles of Association of Vishal Fabrics Limited
Auditor of the Company (Statutory Auditor)	M/s. Anil Shah & Co., Chartered Accountants, having their office at 302, Shailly Complex, Opp. Loha Bhavan, 9, Nehru Park, Old High Court, Navrangpura, Ahmedabad – 380009
Audit Committee	The audit committee constituted by our Board of Directors on April 04, 2014
Board of Directors / Board	The Board of Directors of Vishal Fabrics Limited, including all duly constituted Committees thereof.
Companies Act	Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 (to the extent notified) and /or Provisions of Companies Act, 1956 w.r.t. the sections which have not yet been replaced by the Companies Act, 2013 through any official notification.
Companies Act, 1956	The Companies Act, 1956, as amended from time to time
Companies Act, 2013	The Companies Act, 2013 published on August 29, 2013 and applicable to the extent notified by MCA till date.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Director(s)	Director(s) of Vishal Fabrics Limited, unless otherwise specified
Equity Shares	Equity Shares of our Company of Face Value of ₹ 10 each unless otherwise specified in the context thereof
Group Companies	All companies or ventures which would be termed as Group Companies as per the definition given in Schedule VIII of SEBI ICDR Regulations, 2009. For details of Group Companies of the Company, please see the Chapter titled “Our Promoter and Promoter Group” beginning on page 109 of this Prospectus
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
Internal Accruals	Retained Earnings plus Accumulated Depreciation
MOA / Memorandum of Association	Memorandum of Association of Vishal Fabrics Limited
Net Owned Funds	Calculated as a sum of Share Capital and Reserves & Surplus, less Net Deferred Tax Assets
Non Residents	A person resident outside India, as defined under FEMA.
NRIs / Non Resident Indians	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, Company, partnership, limited liability Company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.

Promoter / Core Promoter	Chiripal Industries Limited
Promoter Group	Promoter Group consist of Individuals, HUFs, Companies, Firms, etc. as mentioned in the Chapters “Promoters and Promoter Group” and “Our Group Companies” on pages 109 and 114 of this Prospectus.
Registered Office and Corporate Office	The Registered Office of our company which is located at: Ranipur Narol Road, Ahmedabad, Gujarat – 382405 The Corporate Office of our company which is located at: Chiripal House, Near Shivranjani Cross Roads, Satellite, Ahmedabad – 380015
RoC	Registrar of Companies, Gujarat situated at Ahmedabad
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and 2011, as amended from time to time depending on the context of the matter being referred to.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stock Exchange	Unless the context requires otherwise, refers to, the BSE Limited.

Issue Related Terms

Terms	Description
Allotment	Issue of the Equity Shares pursuant to the Issue to the successful applicants
Allottee	The successful applicant to whom the Equity Shares are being / have been issued.
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Prospectus
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by ASBA Applicant to make an Application authorizing an SCSB to block the Application Amount in the specified Bank Account maintained with such SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and Non-Institutional Applicants participating in the Issue
ASBA Account	Account maintained by an ASBA Applicant with a SCSB which will be blocked by such SCSB to the extent of the Application Amount of the ASBA Applicant
ASBA Applicant(s)	Prospective investors in this Issue who apply through the ASBA process. Pursuant to SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, Non- Retail Investors i.e. QIBs and Non-Institutional Investors participating in this Issue are required to mandatorily use the ASBA facility to submit their Applications.
Banker(s) to the Company	Oriental Bank of Commerce and IDBI Bank
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are Clearing Members and registered with SEBI as Banker to an issue with whom the Escrow Account(s) will be opened and in this case being Axis Bank and HDFC Bank
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants under the Issue and which is described in the chapter titled “Issue Procedure” beginning on page 189 of this Prospectus.
Business Day	Monday to Friday (except public holidays)
BSE	BSE Limited
Category III FPI	Investors including endowments, charitable societies, charitable trusts, foundations, corporate bodies, trust, individuals and family offices which are not eligible for registration under Category I and II under the SEBI (Foreign Portfolio Investors) Regulations, 2014.
CAN / Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Controlling Branches	Such Branches of the SCSBs which co-ordinate Bids by the ASBA Bidders with

	the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.
Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 i.e. CDSL and NSDL
Depository Participant / DP	A Depository Participant as defined under the Depositories Act, 1996
Designated Branches	Such Branches of the SCSBs which shall collect the Application Forms used by the Applicants applying through the ASBA process and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Applicants in the Issue.
Designated Market Maker	Aryaman Capital Markets Limited (<i>formerly known as Aryaman Broking Limited</i>)
Designated Stock Exchange	SME Exchange of BSE Limited
Eligible NRIs	An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Offer and in relation to whom the Prospectus constitutes an invitation to Application on the basis of the terms thereof.
Equity Shares	Equity shares of our Company of ₹ 10/- each
Escrow Account	Account opened/to be opened with the Escrow Collection Bank(s) and in whose favour the Applicant (excluding the ASBA Applicant) will issue cheques or drafts in respect of the Application Amount when submitting an Application
Escrow Agreement	Agreement entered / to be entered into amongst the Company, Lead Manager, the Registrar, the Escrow Collection Bank(s) for collection of the Application Amounts and for remitting refunds (if any) of the amounts collected to the Applicants (excluding the ASBA Applicants) on the terms and condition thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which bank(s) the Escrow Account of the Company will be opened
Foreign Portfolio Investor / FPIs	Foreign Portfolio Investor as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014.
Issue / Issue Size / Public Issue	The Public Issue of 34,74,000 Equity Shares of ₹ 10/- each at ₹ 45 (including share premium of ₹ 35/-) per Equity Share aggregating to ₹ 15,63,30,000/- (Rupees Fifteen Crores Sixty Three Lakhs Thirty Thousand Only) by Vishal Fabrics Limited.
Issue Closing date	The date on which the Issue closes for subscription being August 05, 2014
Issue Opening date	The date on which the Issue opens for subscription being July 31, 2014
Issue Price	The price at which the Equity Shares are being issued by our Company under this Prospectus being ₹ 45/-
Issue Proceeds	The proceeds of the Issue. For further information about use of the Issue Proceeds please see the chapter titled “ <i>Objects of the Issue</i> ” beginning on page 52 of this Prospectus
LM / Lead Manager	Lead Manager to the Issue, in this case being Aryaman Financial Services Limited.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our company and the SME Platform of BSE.
Mutual Fund	A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
Non-Institutional Applicant	All Applicants, including Eligible QFIs, sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Applicants and who have applied for Equity Shares for an amount of more than ₹ 2,00,000 (but not including NRIs other than Eligible NRIs)
Net Issue	The Issue of 33,00,000 Equity Shares of ₹ 10/- each at ₹ 45 (including share premium of ₹ 35/-) per Equity Share aggregating to ₹ 14,85,00,000/- (Rupees

	Fourteen Crores Eighty Five Lakhs Only) by Vishal Fabrics Limited.
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, Eligible QFIs, FIIs registered with SEBI and FVCIs registered with SEBI
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 Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date
Qualified Foreign Investors / QFIs	Non-resident investors other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs who meet 'know your client' requirements prescribed by SEBI
Qualified Institutional Buyers / QIBs	Public financial institutions as defined in Section 2(72) of the Companies Act, 2013, Foreign Portfolio Investor other than Category III Foreign Portfolio Investor, AIFs, VCFs, FVCIs, Mutual Funds, multilateral and bilateral financial institutions, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of ₹ 250 million, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, Government of India, eligible for Bidding and does not include FVCIs and multilateral and bilateral institutions.
Refund Account	Account opened / to be opened with a SEBI Registered Banker from which the refunds of the whole or part of the Application Amount (excluding to the ASBA Applicants), if any, shall be made.
Refund Banker	The bank(s) which is/ are clearing members and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being HDFC Bank.
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS or NEFT or the ASBA process, as applicable.
Registrar/ Registrar to the Issue	Registrar to the Issue being Link Intime India Private Limited.
Retail Individual Investors	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than ₹ 2,00,000
SEBI (Foreign Portfolio Investor) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
SEBI Regulation / SEBI (ICDR) Regulations / Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on August 26, 2009, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI (PFUTP) Regulations / PFUTP Regulations	SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003.
SEBI SAST / SEBI (SAST) Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as the case may be.
Self Certified Syndicate Bank(s) / SCSBs	A Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in/pmd/scsb.pdf
SME Platform of BSE	The SME Platform of BSE for listing of equity shares offered under Chapter X-B of the SEBI (ICDR) Regulations which was approved by SEBI as an SME Exchange on September 27, 2011.
TRS / Transaction Registration Slip	The slip or document issued by a member of the Syndicate or an SCSB (only on demand), as the case may be, to the Applicant, as proof of registration of the Application.
Underwriters	Aryaman Financial Services Limited and Aryaman Capital Markets Limited.
Underwriting Agreement	The Agreement among the Underwriters and our Company dated May 15, 2014
U.S. Securities Act	U.S. Securities Act of 1933, as amended

Technical / Industry Related Terms

Terms	Description
CBR	Continuous Bleaching Range
CPI	Consumer Price Index
DG Set	Diesel Generator Set
ESP	Electrostatic Precipitators
GPCB	Gujarat Pollution Control Board
MMF	Man Made Fibre
MSF	Marginal Standing Facility
MW	Megawatt
KW	Kilowatt
Oeko-Tex® Standard 100	The Oeko - Tex® Standard 100 is an independent testing and certification system for textile raw materials, intermediate and end products at all stages of production.
Reverse Osmosis	Water purification technology can remove many types of molecules and ions from solutions and is used in both industrial processes and the production of potable water.
SEBs	State Electricity Boards
Stenter Machine	A machine used to stretch the fabric width wise and to recover the uniform width
Sq.Mts	Square Meters
TPA	Tonnes Per Annum
TUFS	Textile Upgradation Fund Scheme originally launched on 01.04.1999 for 5 year and subsequently extended.
WPI	Wholesale Price Index

Conventional Terms / General Terms / Abbreviations

Abbreviation	Full Form
A/c	Account
ACS	Associate Company Secretary
AEs	Advanced Economies
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY	Assessment Year
BSE	BSE Limited (formerly known as The Bombay Stock Exchange Limited)
CAD	Current Account Deficit
CAGR	Compounded Annual Growth Rate
CDR	Corporate Debt Restructuring
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Company Identification Number
CIT	Commissioner of Income Tax
DIN	Director Identification Number
DP	Depository Participant
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EMDEs	Emerging Market and Developing Economies
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under

FII's	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FY / Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GDP	Gross Domestic Product
GoI/Government	Government of India
GPCB	Gujarat Pollution Control Board
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961, as amended from time to time
ICSI	Institute of Company Secretaries Of India
IPO	Initial Public Offering
KM / Km / km	Kilo Meter
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
NRE Account	Non Resident External Account
NRIs	Non Resident Indians
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAC	Persons Acting in Concert
PAN	Permanent Account Number
PAT	Profit After Tax
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
Rs. or ₹	Rupees, the official currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
Sec.	Section
STT	Securities Transaction Tax
TIN	Taxpayers Identification Number
US/United States	United States of America
USD/ US\$/ \$	United States Dollar, the official currency of the United States of America
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
Working Days	All days other than a Sunday or a public holiday (except during the Issue Period where a working day means all days other than a Saturday, Sunday and any public holiday), on which commercial bank are open for business.

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references to “India” contained in this Prospectus are to the Republic of India. In this Prospectus, our Company has presented numerical information in “lakhs” units. One lakh represents 1,00,000.

Financial Data

Unless stated otherwise, the financial data in this Prospectus is derived from our audited financial statements as on and for the Fiscal Years ended March 31, 2014, 2013, 2012, 2011 and 2010 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations and included in this Prospectus. Our Fiscal Year commences on April 01 and ends on March 31 of the following year. In this Prospectus, any discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this 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, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to explain the differences between Indian GAAP, U.S. GAAP and IFRS or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Any percentage amounts, as set forth in the Section titled “*Risk Factors*”, Chapter titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 9, 73 and 147 of this Prospectus, respectively, and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of our audited financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations.

Currency, Units of Presentation and Exchange Rates

All references to “Rupees”, “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “US Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

This Prospectus may contain conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

Definitions

For definitions, please see the Chapter titled “*Definitions and Abbreviations*” on page 1 of this Prospectus. In the Section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page 211 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association.

Industry and Market Data

Unless stated otherwise, the industry and market data and forecasts used throughout this Prospectus has been obtained from industry sources as well as Government Publications. Industry sources as well as Government 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 and underlying assumptions are not guaranteed and their reliability cannot be assured.

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

FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus that are not statements of historical fact constitute forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements with respect to our business strategy, our revenue and profitability, our projects and other matters discussed in this Prospectus regarding matters that are not historical facts. Investors can generally identify forward-looking statements by the use of terminology such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “may”, “will”, “will continue”, “will pursue”, “contemplate”, “future”, “goal”, “propose”, “will likely result”, “will seek to” or other words or phrases of similar import. All forward looking statements (whether made by us or any third party) are predictions and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Forward-looking statements reflect our current views with respect to future events 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.

Further the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the Garments / Textiles and Apparel industry in India and overseas in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and overseas which have an impact on our business activities or investments, the monetary and fiscal policies of India and other jurisdictions in which we operate, inflation, deflation, unanticipated volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. Other important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Our inability to manage our growth effectively, especially as we expand our manufacturing capacity;
- Our inability to maintain or enhance our brand recognition;
- Our inability to retain the services of our senior management, key managerial personnel and capable employees;
- Our inability to renew rents for our Properties used for business activities or conduct new rent arrangements on commercially acceptable terms;
- Inability to adequately protect our trademarks;
- Changes in consumer demand;
- Failure to successfully upgrade our products and service portfolio, from time to time; and
- Failure to obtain any applicable approvals, licenses, registrations and permits in a timely manner.

For further discussions of factors that could cause our actual results to differ, please see the Section titled “*Risk Factors*”, Chapter titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 9, 73, and 147 of this Prospectus, respectively.

By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward-looking statements speak only as of this Prospectus. Our Company, our Directors, the Lead Manager, and their respective affiliates or associates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company and the Lead Manager will ensure that investors are informed of material developments until such time as the grant of listing and trading approvals by the Stock Exchange.

SECTION II – RISK FACTORS

An investment in the Equity Shares involves a degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. If anyone or some combination of the following risks were to occur, our business, results of operations, financial condition and prospects could suffer, and the trading price of the Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. We have described the risks and uncertainties that our management believes are material but the risks set out in this Prospectus may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and the risks involved.

Materiality

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

1. Some events may have material impact quantitatively;
2. Some events may have material impact qualitatively instead of quantitatively;
3. Some events may not be material individually but may be found material collectively;
4. Some events may not be material at present but may be having material impact in future.

INTERNAL RISK FACTORS:

1. *There are outstanding legal proceedings involving our Company, Promoters and our Group Entities.*

There are outstanding legal proceedings involving our Company, Promoters, Directors and our Group Entities. These proceedings are pending at different levels before various courts, tribunals, affiliate tribunals, enquiry officers, etc. For further details, see Section titled “Outstanding Litigations and Material Developments” on page 157 of this Prospectus. In addition, further liability may arise out of these claims. Brief details of such outstanding litigations as of the date of this Prospectus are as follows:

Litigation involving our Company

Nature of Cases	No. of outstanding cases	Aggregate Amount involved (if ascertainable) (₹)
Civil	1	4,57,378
Labour Cases	5	2,87,145
Custom	1	90,000
Excise	2	17,75,285
Income Tax	1	7,30,110

Litigation involving our Promoter

Nature of Cases	No. of outstanding cases	Aggregate Amount involved (if ascertainable) (₹)
Criminal	8	48,18,008
Civil	5	1,27,70,214
Income Tax	5	8,34,01,137
CESAT	15	9,06,35,716
Labour	21	Not Ascertainable
Wealth tax	1	4,98,01,421

Litigation involving our Promoter Group /Entities

Group Entity	Nature of Cases	No. of outstanding cases	Aggregate Amount involved (if ascertainable) (₹)
Nandan Denim Limited	Income Tax	6	2,12,17,377
	Factory & Labour	7	2,44,312
	Civil	6	2,83,27,234
	Criminal	10	50,86,468

	Excise	6	1,49,24,642
	Insurance	1	15,77,616
	Income Tax	8	11,87,53,888
CIL Nova Petrochemicals Limited	Excise	9	19,74,63,454
	Service tax	3	2,60,08,121
	Textile Cess	3	1,01,80,238

An adverse outcome in any of these proceedings may affect our reputation and standing and could have an adverse effect on our business, financial condition and results of operations. For further details of outstanding litigation, see section titled “Outstanding Litigation and Material Developments” on page 157.

2. *Our Listed Group Company, CIL Nova Petrochemicals Limited has in the past been banned by SEBI from Accessing the Capital Markets and also has a consent order passed against it for non-compliance of SEBI (SAST) Regulations.*

CIL Nova Petrochemicals Limited (CNPL), prior to its scheme of Arrangement i.e. erstwhile Nova Petrochemicals Limited, had received a Show Cause Notice dated June 01, 2009 under Section 11, 11(4), 11B of SEBI Act, 1992 read with SEBI (PFUTP) Regulations, 2003 for alleged violation of Section 12A of PFUTP. Pursuant to the above, the Whole Time Member of SEBI on January 12, 2010 passed an order restraining Nova from buying, selling and dealing or accessing the securities market directly or indirectly in any manner whatsoever for a period of two years from the date of the order.

Further, CNPL, prior to its scheme of Arrangement i.e. erstwhile Nova Petrochemicals Limited had received a Show Cause Notice dated September 10, 2009 for failure to make disclosure under regulation 7(3) and regulation 8(3) of the SEBI (SAST) Regulations, 1997. After the Scheme of Arrangement, the company made a Consent Application vide its letter dated April 16, 2010 and the same was passed with a consent term of ₹ 10,00,000/- (₹ 5,00,000 payable by CIL Nova Petrochemicals Ltd. and GSL Nova Petrochemicals Ltd. each) on April 10, 2013.

Though the above orders and consents were pertaining to cases before the scheme of arrangement, CNPL and its Promoters / Directors have taken necessary measures to ensure that such non-compliances and violations do not occur in future. Further, no such violation has occurred in the last 3 years. However, we cannot guarantee that such non-compliances and violations will not take place and the same if occurred, may affect our goodwill and future prospects.

3. *We require certain approvals, licenses, registrations and permits for our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.*

Our Company requires certain statutory and regulatory registrations, licenses, permits and approvals for our business. In future, we shall be required to renew such registrations and approvals and obtain new registrations and approvals for any proposed operations, including any expansion of existing operations. While we believe that we will be able to renew or obtain such registrations and approvals, as and when required, there can be no assurance that the relevant authorities will renew or issue any such registrations or approvals in the time frame anticipated by us or at all. Failure to obtain and renew such registrations and approvals with statutory time frame attracts penal provisions. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues, profits and operations and profits.

Further, certain statutory licenses and approvals which we have obtained for the purpose of carrying our business, contain terms and conditions/covenants, which are to be adhered to by our Company. In case our Company defaults in complying with the said terms and conditions/ covenants, we may be subjected to penal provisions and it may also lead to the cancellation of such licenses and approvals, which will adversely affect our business, financial conditions and results of operations.

For further details see Chapter on “Key Industry Regulations and Policies” and “Government and Other Approvals” beginning on page 86 and 157 of the Prospectus respectively.

4. Our Company has allotted Equity Shares during the preceding one year from the date of the Draft Prospectus which are lower than the Issue Price.

Our Company has allotted the following Equity Shares during the preceding one year from the date of the Draft Prospectus which are lower than the Issue Price:

Date of Allotment	Name of the Allottee	Number of Shares	Issue Price (₹)	Reasons
January 28, 2014	All Shareholders of the Company as on date	3,45,000*	-	Bonus Allotment
March 04, 2014	All Shareholders of the Company as on date	46,00,000 [#]	-	Bonus Allotment

* Bonus Shares issued on shares with F. V. ₹100/- per share

[#] Bonus Shares issued on shares with F. V. ₹10/- per share

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

Our funding requirement and deployment of the proceeds of the issue are based on management estimates and our current business plan. The fund requirements and intended use of proceeds have not been appraised by bank or financial institution and are based on our estimates. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and, consequently, our funding requirements may also change as a result of various factors which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the working capital limits maintained from time to time at the discretion of our board. In addition, schedule of implementation as described herein are based on management's current expectations and our subject to change due to various factors some of which may not be in our control. The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee.

6. Our success depends heavily upon our Promoters and Senior Management for their continuing services, strategic guidance and financial support.

Our success depends heavily upon the continuing services of Mr. Jyotiprasad Chiripal, who is the natural person in control of our Company. He currently serves as our Managing Director and his experience and vision has played a key role in obtaining our current market position. Further, being a relatively large organization, we would depend significantly on our Key Managerial Persons for executing their day to day activities. If our Managing Director or any member of the senior management team is unable or unwilling to continue in his present position, we may not be able to replace him easily or at all, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, we depend on our Directors and CFO in procuring certain bank loans and for the extension of unsecured loans and advances from time to time. We rely on our Directors and persons in control of our Promoter, in relation to certain of our bank loans for which they have granted certain security and personal guarantees. Further, our Promoter Group have from time to time, extended loans and advances to our Company for various business purposes ("Unsecured Loans"). If these lenders recall outstanding amounts under such loans before they fall due, it may adversely affect our financial condition. For details, see "Annexure – XXIII Related Party Transactions" and chapter titled "Financial Indebtedness" on page 143 and 154 respectively of this Prospectus. We cannot assure you that any future financing we obtain without guarantees from our Promoters or from unrelated third-parties will be on terms which are equal to or more favourable than the terms of our past financings.

7. We do not have any long-term agreement or contract of supply Grey Fabric. We also do not have any long-term agreements or contracts for any other inputs like Chemicals & Colours, etc. used in our processing unit and consequently are exposed to price and supply fluctuations for our raw materials.

We are, to a major extent, dependent on external suppliers for our raw materials requirements and we do not have any long-term supply agreements or commitments in relation to the same or for any other raw materials used in our manufacturing process. Consequently, we are exposed to price and supply fluctuations in grey cloth and other raw

materials, and these fluctuations may adversely affect our ability to obtain orders and/or to execute them in a timely manner, which would have a material adverse effect on our business, results of operations and financial condition.

In case of non-availability of raw materials on favourable terms, we may have to procure the same at the terms and conditions prevalent at that point. This will result in reducing our revenues by a considerable amount due to shortage of raw material or due to inability to procure the same. Further, unfavourable terms of raw materials may also force us to reduce the scale of our operations resulting in a down-sizing of our overall business. We may have to put on hold any expansion plans and our future growth will be severely stunted.

8. *Our Company has availed ₹929.53 lakhs as unsecured loan which are repayable on demand. Any demand from the lenders for repayment of such unsecured loan may affect our cash flow and financial condition.*

Our Company as per the restated audited financial statement as on March 31, 2014 has availed total sum of ₹ 929.53 lakhs as unsecured loan which may be recalled at any time. Sudden recall may disrupt our operations and also may force us to opt for funding at higher interest rates, resulting in higher financial burden. Further, we will not be able to raise funds at short notice and thus result in shortage of working capital fund. For further details, please refer to the section “Unsecured Loans” under “Financial Statements” beginning on page 125 of this Prospectus. Any demand for the repayment of such unsecured loan, may adversely affect our cash flow and financial condition.

The terms and conditions of such borrowed amount are as under:

Sr. No.	Terms and Conditions	Particulars
1.	Rate of Interest	Nil
2.	Security	Unsecured
3.	Tenure	Repayable on Demand

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

Our business requires significant amount of working capital. Major Portion of our working capital is utilized towards debtors and inventory. We have been sanctioned working capital of ₹ 3,000 lakhs from the existing bankers, including fund based and non fund based limits. Our growing scale and expansion, if any, may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sourcing of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. For further details regarding working capital requirement, please refer to the section “Objects of Issue” on page 52 of this Prospectus.

Further, we have high Debtors which may result in a high risk in case of non-payment by these Debtors. In the event we are not able to recover our dues from our Debtors, we may not be able to maintain our Sales level and thus adversely affecting our financial health. If this situation persists, we may not be able to pay our lenders / creditors and we may be forced to go for Corporate Debt Restructuring (CDR) which may result in adversely affecting our operations and future prospects.

10. *Our Company's manufacturing activities are labour intensive and depend on availability of skilled and unskilled labourers in large numbers. In case of unavailability of such labourers and / or inability to retain such personnel, our business operations could be affected.*

Our Company has employed 1,786 employees all of whom are on our payrolls. Out of the above 181 employees are in the Top and middle management (including Executive Director), while 1,605 employees are part of processing unit and office staff. Our operations and performance are labour intensive and depends on our ability to identify, attract and retain both skilled and unskilled labour. In case such labour is unavailable or we are unable to identify and retain such labourers our business could be adversely affected.

Further, there are instances where we need to hire additional contract labour, either for specialised jobs or during periods of high customer orders. We have not entered into any agreement for hiring additional labourers and thus availability of appropriately skilled labour cannot be guaranteed. Any failure to hire the appropriate labour may impact the operations and impair our client relations.

11. Volatility in the prices of fabrics, colours & chemicals and other raw materials, may adversely impact our total cost of goods sold.

Our Company mainly purchases Grey Fabrics from various suppliers for our processing operations. Also, processing requires colours and chemicals which are used for dyeing and printing. We are therefore, entirely dependent on external suppliers for the raw materials which constitutes a majority of the total cost of raw materials for our processing operations. The prices of Grey Fabric depend largely on the market prices of the various yarns and cotton, which are the raw material for manufacture of grey fabric and any increase in prices of raw material is generally passed on to our customers. However, any adverse fluctuations in the price which we may not be able to pass on to our customers could have a material adverse effect on our total cost of production. Further, any material shortage or interruption in the supply or decrease in quality of these raw materials could also adversely impact our business operations.

12. We have experienced negative cash flows in previous years / periods. Any operating losses or negative cash flows in the future could adversely affect our results of operations and financial condition.

Our Company had negative cash flows from our operating activities, investing activities as well as financing activities in the previous years as per the Restated Financial Statements and the same are summarized as under.

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
Net Cash generated From / (Used in) Operating Activities	422.81	712.81	(1,162.49)	2,483.38	1,104.31
Net Cash generated From / (Used in) Investing Activities	(103.37)	(264.58)	(546.14)	(1,016.45)	(229.43)
Net Cash generated From / (Used in) Financing Activities	(320.74)	(153.98)	1,695.18	(1,515.90)	(860.11)

If the negative cash flow trend persists in future, our Company may not be able to generate sufficient amounts of cash flow to finance our Company's working capital, make new capital expenditure, pay dividends, repay loans, make new investments or fund other liquidity needs which could have a material adverse effect on our business and results of operations.

13. We have high financial indebtedness which could adversely affect our financial condition and results of operations and further we may not be able to meet our obligations under the debt financing agreements.

We have secured loan aggregating to ₹ 4,429.38 lakhs as on March 31, 2014 as per restated audited financial statements from commercial banks. In the event that we fail to meet our debt servicing obligations under our financing documents, the relevant lenders could declare us to be in default, accelerate the maturity of our obligations or takeover our project or even sell our Company's movable and immovable assets. We cannot assure investors that in the event of any such acceleration we will have sufficient resources to repay these borrowings. Failure to meet obligations under debt financing agreements may have an adverse effect on our cash flows, business and results of operations. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flows generated by our business. We cannot assure you that we will generate sufficient cash to enable us to service existing or proposed borrowings. Incurring significant indebtedness may limit our flexibility in planning for or reacting to changes in our business & industry and limit our ability to borrow additional funds. For further details please refer the chapter "Financial Indebtedness" on Page 154 of this Prospectus.

14. Our Company depends on timely identification of evolving fashion trends and creating new designs. Any lag on the part of our Company in this regard may adversely affect our business operations.

The key success factor in the textiles business is in creating appealing designs and colour combinations to create buyer appeal. In order to be in line with this success factor, we maintain a team of in house designers who design and develop the products as per customer's needs. This team works on the development of designs by analyzing the needs of clients by parameters like latest dyeing combinations, new printing techniques & patterns and most importantly the feedback gained from the sales of the similar products that were designed earlier. Our inability to tap the changing fashion can lead to rejection and obsolescence of our textiles thus damaging goodwill, business operations and financial conditions.

Our export clients generally provide us with a basic design concept for their products, based on which our designing team finalises the design and pattern for their products. It is very important for the designing team and also the Company's management to have a good understanding of the trends prevailing in that particular country. Our export focus is mainly in the European countries, Middle East and Sri Lanka. It is necessary to study the evolving trends in each country / region to gain acceptance of our products. Further, we envisage to expanding our international reach to other regions like the US and other Asian countries. For this we have to study and understand the trends and likes & dislikes of that region before entering the said markets. Any failure to update ourselves or understand the trends in different regions of the world may result in reduction of our export sales, adversely affecting our financial condition.

15. *There are certain restrictive covenants in the loan agreements of banks in respect of the Term Loans and Working Capital facilities availed by us from them.*

Banks have sanctioned loans to our company in pursuance of their respective sanction letters. We would be subject to usual and customary restrictive covenants of the term loans and working capital facilities availed by us. Following are some of the major restrictive covenants, which are material in nature:

- Changing or alter the Capital Structure of the Company;
- Entering in to borrowing arrangements, with other Banks, Financial Institutions and other parties;
- Taking up any new project or large-scale expansion;
- Making investment in or giving loans to subordinates, associate concerns, individuals and other parties;
- Effecting any amalgamation or Mergers;
- Paying dividend/making withdrawals, other than out of Current year's earnings after making due provisions.

Further the company has created a charge on its assets in favour of their bankers against the assets of the company. In case of default by the company in repayment of the loans, bankers may exercise their rights over the security, which may be detrimental to the interest of the company. For details on the secured loan, please refer to the chapter titled "Financial Indebtedness" on page 154 of this Prospectus.

16. *Our Directors and Promoter Group may have interest in our Company, other than reimbursement of expenses incurred or remuneration.*

Our Directors and Promoter Group may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives or our Group Entities, and benefits deriving from their directorship in our Company. Further, the Persons in control of our Promoter are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, please refer to the chapters titled "Our Business" and "Our Promoters, Promoter's Group and Group Companies", beginning on pages 73 and 109 respectively and Annexure XXIII - Related Party Transactions" on page 143 under chapter titled "Financial Statements" beginning on page 125 of the Prospectus.

17. *Our Company has certain contingent liabilities, which have not been provided for. Crystallization of any of these contingent liabilities may adversely affect our financial condition.*

The contingent liabilities of our Company not provided for, as certified by our statutory auditors are as under:

(₹ in lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Contracts to be Executed	409.98	-	233.19	319.70	85.55
Un-expired Letter of Credits	480.28	222.28	378.20	220.69	241.26
Income Tax Demand	7.30	-	-	-	38.99
Employee Fraud	11.26	11.26	11.26	11.26	11.26
Insurance Claim for Fire (Company)	-	-	-	46.73	-
Insurance Claim for Fire (Third Party)	363.70	363.70	363.70	717.92	-
Custom Penalty	0.90	-	-	-	-
Excise / Textile Cess	17.76	-	-	-	-
Labour Cases	2.87	-	-	-	-
Civil Suit	4.57	-	-	-	-
Total	1298.62	597.24	986.35	1,316.30	377.06

In the event the above contingent liability gets crystallized, our financial condition may be adversely affected. For further information, please refer “Annexure XXI - Contingent Liability” beginning on page 142 under Chapter titled “Financial Statements” beginning on page 125 of the Prospectus.

18. *There may be potential conflict of interests between our company and other venture or enterprises promoted by our promoters or directors.*

The Main Object Clause of our Holding Company, Chiripal Industries Limited and certain companies forming part of the Chiripal Group viz. Nandan Denim Limited and CIL Nova Petrochemicals Limited, permits them to undertake similar business to that of our business, which may create a potential conflict of interest and which in turn, may have an implication on our operations and profits. Though each company has its independent business, we cannot be assured that we shall be able to adopt necessary measures for mitigating these conflicts and hence the same if not managed well, could adversely affect our results of operations and financial condition.

Also, our Company does not have any non-compete or such other agreement / arrangement with the above said companies. For further details, please refer to the chapters titled ‘Business Overview’, ‘Our Group Companies’, beginning on pages 73 and 114, respectively and Annexure XXIII - Related Party Transactions” on page 143 of this Prospectus.

19. *In the event there is any delay in the completion of the Issue, there would be a corresponding delay in the completion of the objects of this Issue which would in turn affect our revenues and results of operations.*

The funds that we receive would be utilized for the objects of the Issue as has been stated in the Chapter “Objects of the Issue” on page 52 of the Prospectus. The proposed schedule of implementation of the objects of the Issue is based on our management’s estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Issue, we may have to revise our working capital limits resulting in unprecedented financial mismatch and this may affect our revenues and results of operations.

20. *We have not identified any alternate source of raising the working capital mentioned as our ‘Objects of the Issue’. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.*

Our Company has not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds can adversely affect our growth plan and profitability. The delay/shortfall in receiving these proceeds could result in inadequacy of working capital or may result in us borrowing funds on unfavourable terms, both of which scenarios may affect the business operation and financial performance of the company.

21. *We have applied for registration of our name and logo but the same is currently pending with the relevant authority. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.*

We have applied for registration of our name and logo under the provisions of the Trademarks Act, 1999 and do not own the same as on date. As such, we do not enjoy the statutory protections accorded to a registered logo/trademark as on date. There can be no assurance that we will be able to register the logo in future or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Further, we cannot assure you that any application for registration of our logo in future by our Company will be granted by the relevant authorities in a timely manner or at all. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. For further details, please see the chapter titled “Government and Other Statutory Approvals” beginning on page 168 of this Prospectus.

22. *Our registered office premise is on a leasehold/license basis and any termination of such lease/license and/or non-renewal could adversely affect our operations.*

The property on which our registered office is situated is on a leave and license basis for a period of thirty years ending on March 31, 2032. Any termination of the licenses whether due to any breach or otherwise, or non-renewal thereof, could temporarily disrupt our functioning and adversely affect the business operations. The registered office premise is owned by our promoter group entity. For further details, please refer to chapter titled 'Our Business' beginning on page 73 of the Prospectus.

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

During the course of our business, we have entered into certain transactions with related parties, aggregating to ₹3,069.87 lakhs for the period ended March 31, 2014 as per restated audited financial statements. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have obtained more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into such related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For further details, please refer to "Annexure XXIII – Related Party Transactions" of the section titled "Financial Information" beginning on page 143 of this Prospectus.

24. *We may not be able to sustain effective implementation of our business and growth strategies.*

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. We may not be able to execute our strategies in the future. Further, our growth strategies could place significant demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Any failure on our part to scale up our infrastructure and management could cause disruptions to our business and could be detrimental to our long term business outlook.

Further, we operate in a highly dynamic industry, and on account of changes in market conditions, industry dynamics, technological improvements or changes and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands. Our inability to implement our business strategies and sustain our growth may impair our financial growth and thus result in an adverse impact on our Company's share price.

25. *Our operations are prone to fire and could expose us to the risk of liabilities, lost revenues and increased expenses.*

Our operations are subject to fire hazards associated with the large scale processing of textiles in high temperature steam and other processes. This hazard can cause personal injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage, and may result in the suspension of operations and the imposition of civil and criminal liabilities.

In 2010-11, there was a fire at our plant in Ahmedabad which resulted in loss of inventory, mainly pertaining to our job work clients. The total claim acknowledged by us with the Insurance Company was ₹ 763.65 lakhs for damage goods. Out of the above, ₹ 717.92 lakhs of claim was pertaining to goods received from various parties for job work, while ₹ 45.73 lakhs was pertaining to own goods. The Insurance Company in F. Y. 2011-12 passed a claim of ₹ 399.95 lakhs and the remaining are yet to be received.

As a result of past or future operations, there may be additional claims of injury by employees or members of the public due to fire, or alleged exposure to the fire. Liabilities incurred as a result of these events have the potential to materially impact our financial position. Events like these could also adversely affect the perception of our company with suppliers, customers, regulators, employees and the public, which could in turn affect our financial condition and business performance. While we maintain general insurance against these liabilities, insurance proceeds may not be adequate to fully cover the substantial liabilities, lost revenues or increased expenses that we might incur.

26. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.*

Modernization and technology upgradation is essential to reduce costs and increase the output. Our technology and machineries may become obsolete or may not be upgraded timely, hampering our operations and financial conditions and we may lose our competitive edge. Although we believe that we have installed latest technology and that the chances of a technological innovation are not very high in our sector we shall continue to strive to keep our technology, plant and machinery in line with the latest technological standards. In case of a new found technology in the textile processing business, we may be required to implement new technology or upgrade the machineries and other equipment's employed by us. Further, the costs in upgrading our technology and modernizing the plant and machineries are significant which could substantially affect our finances and operations.

27. *We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.*

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

28. *Any loss of or breakdown of our machineries, at our factory may have an adverse effect on our business, financial condition and results of operations.*

Our processing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, industrial accidents and the need to comply with directives of relevant government authorities. Although we have not had such occurrences in the past, the occurrence of such incidents in future is not ruled out and these risks could significantly affect our operating results. Although, we have taken precautions to minimize the risks of any significant operational issues at our processing facilities, our business and operations may be adversely affected by any disruption of operations at processing facilities.

29. *Our inability to manage inventory in an effective manner could adversely impact our business operations.*

Our business involves huge inventory levels based on present and future order books and client preferences. If we underestimate the orders to be received, we may experience inventory shortages. Similarly, an over-estimation of orders may result in over stocking of inventory leading to increased cost. Also, certain raw materials like colours & chemicals may have a shelf life, after which they may become obsolete or unusable. This would further strain our cost and impact our financials. Further, any mismanagement on our part to handle inventory levels at our captive power plant may impact our business and financial operations.

30. *We are dependent on key managerial personnel and the loss of such key managerial persons and/or our inability to attract and retain such talented professionals in the future, could affect us adversely.*

The Company believes that its success depends on its continued ability to retain and attract skilled and experienced executive personnel. While the Company has retained its key management personnel in the past, should it fail to retain them in future, it may find it difficult to find suitable replacements with similar knowledge and experience. The Company is dependent on its ability to identify, hire, train, manage and retain skilled technical and management personnel and it may face a risk in realizing its business objectives in the event of attrition of key managerial personnel.

31. *Our processing unit is geographically located in one area and any localized social unrest, natural calamities, etc. could have material adverse effect on business and financial operations.*

Our processing unit is based in Ranipur, Narol, Ahmedabad District in the State of Gujarat. As a result, any localized social unrest, natural disaster or breakdown of services and utilities in and around Ahmedabad could have material adverse effect on our business, financial position and results of operations. Further, any continuous addition of industries in and around Narol without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure in Ahmedabad, which may affect our business.

32. *We have not made any provisions for the decrease in the value of our investments.*

The market value of our investment in quoted equity instruments as at March 31, 2014 was ₹ 2.45 lakhs as against the book value of ₹ 4.00 lakhs. We have not made any provision for this decrease in the value of investments, which could result into mismatch between realisable value and book value of these investments. Further, if provision is made in future on account of permanent decrease in value of these investments, our profits would reduce to the extent of such provision. This may have an adverse impact on our results of operations and financial conditions.

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

We have 2 insurance policies covering Buildings, Plant & Machinery, Furniture, Fixture & Fittings, Category I Stocks and Transit Money for a total insured amount of ₹ 17,115.00 lakhs, details of which are disclosed in the chapter “Our Business” beginning on page 73 of this Prospectus. We believe that we have insured ourselves against the main risks associated with our business. While we believe that the policies that we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses. To the extent that we suffer loss or damage for events for which we are not insured or for which our insurance is inadequate, the loss would have to be borne by us, and, as a result, our results of operations and financial condition could be adversely affected.

34. *We face competition in our business from organized and unorganized players, which may adversely affect our business operation and financial condition.*

The State of Gujarat is a national hub for the Textile Industry and this has resulted in huge competitive pressures. We may have to confront pressures in respect of pricing; product quality etc. from the clients and such pressures may put strain on our profit margins which may consequently affect the financial position of our Company. Competition emerges not only from the organized sector but also from the unorganized sector and from both small and big players. We are also in direct competition with the leading textile processing units in India as well as the local units.

Our Competitiveness is also measured by the technology we adopt as the textile industry is rapidly growing in India and in International Markets. Some of our clients might export their final products which in turn compel us to meet international standards also. Our inability to compete with this intense competition; local, national and international will have material adverse impact on our Company's financial position

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

We currently intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. Hence, there can be no assurance that we will be able to pay dividends in the future.

36. *Our company is yet to file necessary documents with the regulatory / statutory authorities and agencies for the notation of the change of name after conversion into a limited company.*

Our Company was converted from Private Limited Company to a Public Limited Company vide Certification of Incorporation dated March 31, 2014. The licenses and registrations obtained by our company are still in the previous name. All such approvals/ licenses /registrations such as Permanent Account Number, Tax Deduction Account Number, Importer Exporter Code, etc. are required to be revised. Our Company is in the process of getting such licenses / registration renewed / revised from the concerned regulatory / statutory authorities and agencies. Our business operations may be impacted till we receive the aforesaid registration. For further details please refer to the section titled “Government Approvals and Licensing Arrangements” on page 168 of this Prospectus.

Risks Relating to Equity Shares

- 37. *We may decide not to proceed with the Issue at any time before Allotment. If we decide not to proceed with the Issue after the Issue Opening Date but before Allotment, the refund of Application amounts deposited will be subject to us complying with our obligations under applicable laws.***

We, in consultation with the Lead Manager, reserve the right not to proceed with the Issue at any time before the Allotment. If we withdraw the Issue after the Issue Opening Date, we will be required to refund all Application amounts deposited within 8 days of the Issue Closing Date. We shall be required to pay interest / penalty, as specified under SEBI (ICDR) or Companies Act, 2013, on the Application amounts received if refund orders are not dispatched within the stipulated time from the Issue Closing Date. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval.

- 38. *We may require further equity issuance, which will lead to dilution of equity and may affect the market price of our Equity Shares or additional funds through incurring debt to satisfy our capital needs, which we may not be able to procure and any future equity offerings by us.***

Our growth is dependent on having a strong balance sheet to support our activities. In addition to the IPO Proceeds and our internally generated cash flow, we may need other sources of financing to meet our capital needs which may include entering into new debt facilities with lending institutions or raising additional equity in the capital markets. We may need to raise additional capital from time to time, dependent on business conditions. The factors that would require us to raise additional capital could be business growth beyond what the current balance sheet can sustain; additional capital requirements imposed due to changes in regulatory regime or significant depletion in our existing capital base due to unusual operating losses. Any fresh issue of shares or convertible securities would dilute existing holders, and such issuance may not be done at terms and conditions, which are favourable to the then existing shareholders of our Company. If our Company decides to raise additional funds through the incurrence of debt, our interest obligations will increase, and we may be subject to additional covenants, which could further limit our ability to access cash flows from our operations. Such financings could cause our debt to equity ratio to increase or require us to create charges or liens on our assets in favour of lenders. We cannot assure you that we will be able to secure adequate financing in the future on acceptable terms, in time, or at all. Our failure to obtain sufficient financing could result in the delay or abandonment of our expansion plans. Our business and future results of operations may be adversely affected if we are unable to implement our expansion strategy.

Any future issuance of Equity Shares by our Company may dilute shareholding of investors in our Company; and hence adversely affect the trading price of our Company's Equity Shares and its ability to raise capital through an issue of its securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Company's Equity Shares. Additionally the disposal, pledge or encumbrance of Equity Shares by any of our Company's major shareholders, or the perception that such transactions may occur may affect the trading price of the Equity Shares. No assurance may be given that our Company will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

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

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the SME Platform of BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

- 40. *The price of our Company's Equity Shares may be volatile, and investors may be unable to resell their Equity Shares at or above the Issue Price, or at all.***

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including, among other things, volatility in the Indian securities markets, the results of our operations and performance, the performance of our competitors, developments in the Indian retail and consumption-led sectors, changing perceptions in the market about participation in these sectors, adverse media reports on us or the Indian consumption-led sectors, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies and significant developments in India's fiscal regulations. Indian

financial markets have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian financial markets have experienced volatility and if similar volatility occurs in the future, the market price and liquidity of our Equity Shares could be adversely affected.

Even though Aryaman Capital Markets Limited has been appointed as Market Maker for our stock, since there has been no public market for our Company's Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. 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 Company's operating results, market conditions specific to the packaging sector in India, developments relating to India and volatility in the BSE and the NSE and securities markets elsewhere in the world. The risk of loss associated with this characteristic may be greater for investors expecting to sell Equity Shares purchased in this Issue soon after the Issue.

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

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

42. Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of the Equity Shares.

Foreign ownership of Indian securities is subject to Government regulation. In accordance with foreign exchange regulations currently in effect in India, under certain circumstances the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India or vice-versa if the sale does not meet the requirements of the RBI Circular dated October 4, 2004, as amended by the RBI Circular dated May 4, 2010. The RBI must approve the conversion of the Rupee proceeds from any such sale into foreign currency and repatriation of that foreign currency from India unless the sale is made on a stock exchange in India through a stock broker at the market price. As provided in the foreign exchange controls currently in effect in India, the RBI has provided the price at which the Equity Shares are transferred based on a specified formula, and a higher (or lower, as applicable) price per share may not be permitted. There are also restrictions on sales between two non-residents if the acquirer is impacted by the prior joint venture or technical collaborations. The approval from the RBI or any other government agency may not be obtained on terms favourable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

43. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (STT) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. In addition, changes in the terms of tax treaties or in their interpretation, as a result of renegotiations or otherwise, may affect the tax treatment of capital gains arising from a sale of Equity Shares.

EXTERNAL RISK FACTORS

44. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Further, companies meeting certain financial thresholds are also required to constitute a committee of the board of directors for corporate social responsibility activities and ensure that at least 2% of the average net profits of the company during three immediately preceding financial years are utilized for corporate social responsibility activities. Penalties for instances of non-compliance have been prescribed under the Companies Act, 2013, which may result in inter alia, our Company, Directors and key managerial employees being subject to such penalties and formal actions as prescribed under the Companies Act, 2013, should we not be able to comply with the provisions of the New Companies Act within the prescribed timelines, and this could also affect our reputation.

To ensure compliance with the requirements of the Companies Act, 2013 within the prescribed timelines, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. While we shall endeavor to comply with the prescribed framework and procedures, we may not be in a position to do so in a timely manner.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

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

Our Company is subject to various regulations and policies. For details see section titled “Key Industry Regulations and Policies” beginning on page 86 of this Prospectus. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company 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 could have a material adverse effect on our business, financial condition and results of operations.

46. Civil disturbances, extremities of weather, regional conflicts and other political instability may have adverse affects on our operations and financial performance

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the business undertaken by us. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

47. Majority of our Revenue is derived from business in India and a decrease in economic growth in India could cause our business to suffer.

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

48. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition.

Our financial statements, including the financial statements provided in this Prospectus are prepared in accordance with Indian GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this 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 Prospectus should accordingly be limited.

49. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our Company's business.

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm our Company's business and financial performance, ability to obtain financing for capital expenditures and the price of our Company's Equity Shares.

PROMINENT NOTES

1) Key Issue Particulars:

Pre Issue Net worth (Based on audited accounts as on March 31, 2014)	₹ 4,401.73 Lakhs
Post Issue Net Worth (assuming full subscription)	₹ 5,965.03 Lakhs
Issue Size	34,74,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 45 per share aggregating ₹ 1,563.30 lakhs.
Cost Per Share to the Promoter: - Chiripal Industries Limited	₹ 3.42/-*
Net Asset Value per share or Book Value (Based on audited accounts as on March 31, 2014)	₹ 45.38

* Calculated by dividing the aggregating amount paid by our Promoter to acquire the Equity Shares held by it with the aggregate number of Equity Shares held by our Promoter.

- Our Company, its Promoters / Directors, Company's Associates or Group companies have not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The Promoters, Group Companies and Associate Companies are not declared as wilful defaulters by RBI / Government authorities and there are no violations of securities laws committed in the past or pending against them except as stated under chapters "Risk Factors", "Our Group Companies" and "Outstanding Litigations and Material Developments" on pages 9, 114 and 157 of this Prospectus, respectively.
- Investors are advised to refer to the paragraph titled "Basis for Issue Price" beginning on page 57 of this Prospectus.
- The Lead Manager and our Company shall keep the investors / public informed of any material changes till listing of the Equity Shares offered in terms of this Prospectus and commencement of trading.

- 5) Investors are free to contact the Lead Manager for any clarification, complaint or information pertaining to the Issue. The Lead Manager and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.
- 6) In the event of over-subscription, allotment shall be made as set out in paragraph titled “*Basis of Allotment*” beginning on page 206 of this Prospectus and shall be made in consultation with the Designated Stock Exchange i.e. BSE. The Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner as set out therein.
- 7) Except as disclosed in the chapters titled “*Our Promoter and Promoter Group*”, “*Our Group Companies*” and “*Annexure XXIII -Related Party Transactions*” beginning on pages 109, 114 and 143 respectively, of this Prospectus, respectively, none of our Group Companies have business interests or other interests or any other transaction with / in our Company.
- 8) No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Financial Statements. For details, please see the section titled “*Financial Information*” beginning on page 125 of this Prospectus.
- 9) The details of transactions by our Company with Group Companies during the last year are disclosed under “*Financial Statements – Related Party Transactions – Annexure XXIII*” on page 143 of this Prospectus.
- 10) Our Company was incorporated as Vishal Fabrics Private Limited on October 22, 1985 under the Companies Act, 1956 bearing Registration No. 008206 of 1985-86 with the Registrar of Companies, Gujarat. Subsequently, the status of our Company was changed to a public limited company and the name of our Company was changed to Vishal Fabrics Limited vide special resolution dated February 25, 2014. A fresh Certificate of Incorporation consequent upon change of name was issued on March 31, 2014 by the Registrar of Companies, Gujarat.

SECTION III – INTRODUCTION

SUMMARY OF OUR INDUSTRY

INDIAN TEXTILE INDUSTRY

Indian Textile Industry has an overwhelming presence in the economic life of the country. 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. Also, this industry is a source of direct employment for over 35 million people, which makes it the second largest provider of employment after agriculture.

(Source: Ministry of Textiles, Government of India, Annual Report 2012-13)

The fundamental strength of this industry flows from its strong production base of wide range of fibres / yarns from natural fibres like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic. The multi-fibre strong base can be tracked by highlighting the following important positions reckoned by this industry across the globe:

- Cotton – India is the second largest cotton and cellulosic fibres producing country in the world.
- Silk – India is the second largest producer of silk and contributes about 18% to the total world raw silk production.
- Wool –India has 3rd largest sheep population in the world, having 6.15 crores sheep, producing 45 million kg of raw wool, and accounting for 3.1% of total world wool production. India ranks 6th amongst clean wool producer countries and 9th amongst greasy wool producers.
- Man-Made Fibres- India is the fourth largest in synthetic fibres/yarns globally.
- Jute – India is the largest producer and second largest exporter of the jute goods.

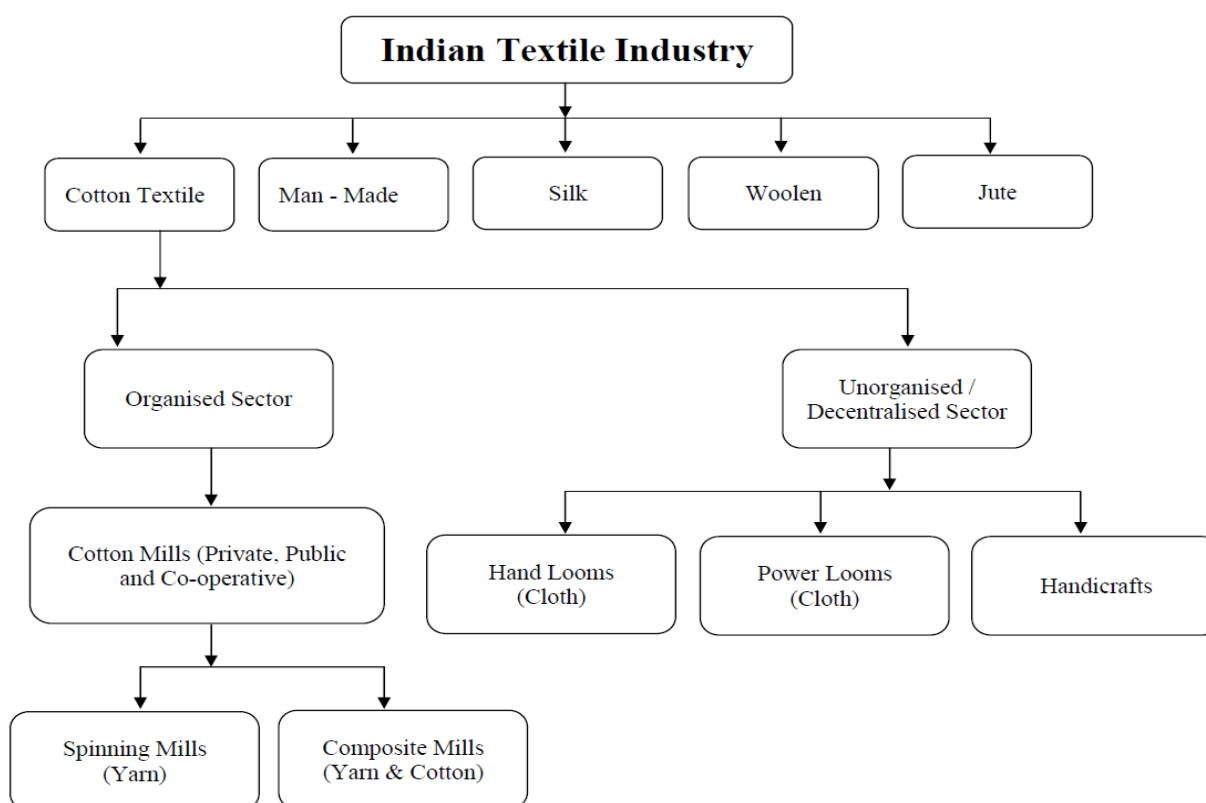
(Source: Confederation of Indian Textile Industry, <http://www.citiindia.com/textile-industry/indian-textiles-overview.html>)

Milestones over the last decade

- Exports of textiles and clothing products from India have increased steadily over the last few years, particularly after 2004 when textiles exports quota stood discontinued.
- India's Textiles & Clothing (T&C) exports registered a robust growth of 25% in 2005-06, recording a growth of US\$ 3.5 billion over 2004-05 in value terms thereby reaching a level of US\$ 17.52 billion and the growth continued in 2006-07 with T&C exports of US\$19.15 billion recording an increase of 9.28% over the previous year and reached USD 22.15 billion in 2007-08 denoting an increase of 15.7% but declined by over 5% in 2008-09. Exports of Textiles & Clothing grew from USD 21.22 billion in 2008-09 to USD 22.41 billion in 2009-10 and had touched USD 27.47 billion in 2010-11. In the financial year 2011-12(P), exports of textiles and clothing, has grown by 20.05% over the financial year 2010-11 to touch USD 33.31 billion. Textiles exports in the period 2012-13 are witnessing a (-) 4.82 percent growth in dollar terms although there is 8.10 percent growth in rupee terms.
- The details of India's textiles exports, principal commodity item-wise during the last three years and current financial year for the period 2012-13 is at Annex-I.
- During the year 2012-13, Readymade Garments account for almost 39% of the total textiles exports. Apparel and cotton textiles products together contribute nearly 74% of the total textiles exports.
- India's textiles products, including handlooms and handicrafts, are exported to more than a hundred countries. However, the USA and the EU, account for about two-third of India's textiles exports. The other major export destinations are China, U.A.E., Sri Lanka, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, Pakistan, Brazil, Hong-Kong, Canada and Egypt etc.

Industry Structure and Size

The major sub segments of the textile industry are cotton, blended, silk, wool and manmade. The textile industry in India is highly fragmented. It is vertically integrated across the whole value chain and interconnected with various operations. The organised sector consists of spinning mills and composite mills. The unorganised sector consists of handlooms, power looms and handicrafts.



The major products in which Indian textile industry deals is readymade garments, suiting and shirting, shirts and trousers, fabrics, bed linen and embroidery work.

During the next decade when the USD \$662 bn global textile and apparel trade is expected to clock a CAGR of 5%, India's total textile and apparel industry size (Domestic + Exports) was estimated to be ` 4,18,000 crores (USD 89 bn) in 2011 and is projected to grow at a CAGR of 9.5% to reach ` 10,50,000 crores (USD 223 bn) by 2021.

(Source: Technopak's Textile & Apparel Compendium, 2012)

The textile energy uses two general category of fiber. Natural fibers and manmade fibers.

Natural fibers may be organic or inorganic in nature. Organic natural fibers may be of two types vegetable fibers such as cotton, flax, hemp, jute, sisal, broom and animal fibers such as wool, silk, etc. Natural inorganic fibres are mineral fibers such as basalt and asbestos.

Man-made fibers are broadly classified as organic regenerated natural fibers like regenerated cellulose, viscose, cupro, cellulose acetate, cellulose triacetate, organic synthetic polymers and inorganic fibers like glass, carbon.

GOVERNMENT INITIATIVES

The Government of India has promoted a number of export promotion policies for the Textile sector in the Union Budget 2011-12 and the Foreign Trade Policy 2009-14. It has also allowed 100 per cent FDI in textiles under the automatic route.

Due to policy measures initiated by the Government in the recent past, the Indian textiles industry is in a stronger position than it was in the last six decades. The industry which was growing at 3-4 percent during the last six decades has now accelerated to an annual growth rate of 8-9 per cent in value terms.

The Government has also allowed 100 per cent FDI in the sector through the automatic route. In the 12th Five Year Plan (2012–17), the government plans to spend US\$ 9.1 billion on textiles as against US\$ 4 billion in the 11th Plan.

Draft Bill on Cotton Distribution (Collection of Statistics) has been formulated. Tracking of every bale would be possible once this Bill is in place.

(Source: Ministry of Textiles, Annual Report 2012-2013)

Gujarat New Textile Policy in 2012

Government of Gujarat announced a new Textile Policy in 2012 - 'Navi Gujarat Vastraniti' which will help cotton farmers to get better price realizations and also infuse new life in to the textile industry of the state.

The new Textile Policy is expected to attract investment of over ₹ 20,000 crore, creating new employment opportunities for over 2.5 million people, 50 percent of them being rural women, during the next five years period.

The objective of the policy is to have an integrated approach to strengthen the value chain - "Farm to Fibre to Fabric to Fashion to Foreign" (5 Fs), which will enhance sustainable growth of farmers and industry.

(Source: <http://ic.gujarat.gov.in/>)

Textile Upgradation Fund Scheme (TUFS)

The Technology Upgradation Fund Scheme (TUFS), which is the "flagship" Scheme of the Ministry of Textiles, is the scheme for modernisation and technology upgradation in the textile sector. The Technology Upgradation Fund Scheme (TUFS) was launched on 01.04.1999 for 5 years. It was subsequently extended up to 31.3.2007. The Scheme has been restructured w.e.f. 28.4.2011 and approved upto 31.03.2012.

The total budget outlay for continuation of the scheme will be about `11,900 crore, out of which ` 2,400 crore have been allocated for the financial year 2013-14.

The Finance Minister in his Budget Speech of February, 2013, had announced continuation of TUFS in the 12th Plan with a major focus on modernisation of the powerloom sector. Higher subsidies for weaving / powerloom sector have accordingly been planned in the continued TUFS.

(Source: texmin.nic.in/policy/policy_scheme.htm)

SUMMARY OF OUR BUSINESS

OVERVIEW

Our company was incorporated as “Vishal Fabrics Pvt. Ltd” on October 22, 1985 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Gujarat. For further details regarding the change in the name of our company, please refer to the chapter titled “*History and Certain Corporate Matters*” beginning on page 94 of this Prospectus.

Our Company is engaged in the business of dyeing, printing and processing of fabrics of its own and also on job work basis. Our Company procures mainly Grey Fabric and dyes, prints and finishes the same as per the client’s requirements. The processing unit of our Company is based in Narol, Ahmedabad, Gujarat. The plant has the capacity to print, dye and process wide range of fabrics i.e. cotton, polyester, viscose and man-made & blended fabrics suitable for men’s wear, women’s wear, home furnishing and many other applications.

Our Company is promoted by Chiripal Industries Limited and is part of the Chiripal Group, Ahmedabad. The persons in control of the Group have more than 20 years of experience in the Fabrics business and have incorporated several other companies manufacturing or trading in fabrics, yarn, denim and readymade garments.

Our Company was initially engaged in trading of fabrics. Though the Company was incorporated in 1985, our Company’s activities were almost dormant till the year 1999. During the year 1999-2000, we took over the Units of Associate concerns, Bhushan Petrofils Private Limited and Prakash Calender Private Limited; both located at Narol, Ahmedabad, on lease basis and started the processing of fabrics. Over the years, with a view to expand the installed capacity and broad base the market of its products, we put up our own Plant & Machinery. In the year 2003, we set up a captive power plant for production of 2.3 MW power to improve productivity in our processing plant.

In the year 2005, we increased our processing capacity by installing the Wider Width Unit, which enabled us to process fabrics of upto 120 inch width. In the year 2011, we further enhanced our processing capacity by setting up a Continuous Bleaching Range (CBR) unit. The CBR unit processes upto 80,000 meters of fabric per day as compared to 2,000 – 8,000 meters fabric in other machines.

In the past three (3) years our revenues have increased from ₹ 14,656.89 lakhs in F. Y. 2011-12 to ₹ 18,335.01 lakhs in F. Y. 2012-2013 and further to ₹ 20,411.11 lakhs in F. Y. 2013-2014, showing an increase of 25.09% and 11.32% respectively. Our Net Profit before tax for the above mentioned periods are ₹ 66.29 lakhs, ₹ 206.78 lakhs and ₹ 289.47.lakhs.

OUR STRENGTHS

Management Expertise

Our Promoter Company is engaged in the Textiles business and is the flagship company of our Group. The Promoters of our Promoter, some of whom who also form part of Board of Directors of our Company, have a proven background and rich experience of more than 30 years in the Textile industry. Also, our Company is managed by a team of experienced personnel. The team comprises of personnel having operational and business development experience. We believe that our management team’s experience and their understanding of the textile industry will enable us to continue to take advantage of both current and future market opportunities. It is also expected to help us in addressing and mitigating various risks inherent in our business, including significant competition, reliance on independent contractors, the global economic crisis and fluctuations in fuel prices.

Established Marketing Setup

Our Company was incorporated in the year 1985 and we are engaged in the processing of textiles from the year 1999. Over the years we have established a strong customer base and an unyielding marketing setup. Further, we have many companies forming part of Chiripal Group which are engaged in similar businesses. Our group has sufficient marketing expertise and wide marketing network, which is and would be channelled for our business and future expansion, if any.

We have dedicated divisions for marketing different types of products and for different geographical locations. The fabric sales division, home furnishing division and export division are responsible for marketing of our Own Fabric Production. Whereas domestic dress material division, bottom dyeing division and export garment division cater to the

marketing of Job-Work Fabric Production. All the divisions have well trained and adequate teams to handle daily activities and are supervised by Managers and the Vice – President (Marketing) regularly.

Cordial Relationship between management and labour

We enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our organization since inception.

Captive Power plant

Power is an important factor in every manufacturing facility. Considering the power requirements of our manufacturing facilities, we have installed a captive power plant of 2.3 MW (from Coal / Lignite). Captive power plant will give us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. Also, it gives us steady and quality supply of steam for our various fabric processes. Uninterrupted power supply helps to avoid any delays in manufacturing process thereby ensuring complete utilization of our capacities.

Strong Technological Capabilities

We use latest technology and machinery procured from major suppliers/distributors in India and Abroad. We have latest machinery like CBR which has almost three times the processing capacity to that of traditional machines, the Rotary Screen Printing Machine, Continuous and Loop Agers, Hydro Extractors, Sanforizing Machine, Liza Brushing Machine, Sueding Machine, and a host of machines for Drying and Finishing. Even the folding and packing processes are carried on latest machines which guarantee quality check and precision. These modern machineries also help us in maintaining high quality standards. The latest technology enables radical design and innovation in creating new looks and new trends. Technology has helped us in rolling out new combination of dyes and prints.

Strategic Location of Manufacturing Unit / Locational Advantage

Our Company has leased about 16,000 Sq. Mtrs or 3.95 Acres of land and own about 10, 570 Sq. Mtrs or 2.61 Acres of owned land in Ranipur, Narol Road, Ahmedabad where we have set up our registered office and processing unit, which is strategically located and is well connected by rail, roads and air with the rest of the country.

- The Unit is located within the limits of Ahmedabad Municipal Corporation and is 16 km from Ahmedabad International Airport.
- The plant of the Company is located on the main National Highway No. 8 connecting Northern & Western India.
- It is also well connected with the two large & important ports of India Viz. Kandla & JNPT (Navi Mumbai)
- The major raw material i.e. Grey Fabric and Colours & Chemicals are easily available from the manufacturers located in Gujarat. Thus, procurement of these raw materials is less time consuming and comparatively cheaper due to savings on freight.
- Ahmedabad has been the hub of Textile Industry in Gujarat. Skilled and semi skilled workers are easily available in Gujarat in view of the wide spread Textile industry located in the Western Region for over a Century.

Thus, the location of the site is advantageous to the company in transportation of Raw materials as well as the Finished Products.

Scalable Business Model

Our business model is order driven, and comprises of optimum utilization of our Narrow Width and Wider Width processing facilities, maximum capacity utilization, developing linkages with quality raw material suppliers and achieving consequent economies of scale. We believe that this business model has proved successful and scalable for us in the last few financial years. We can scale upward as per the requirement generated by our Company. The business scale generation is basically due to the development of new markets both international and domestic, by adopting aggressive marketing of the product, innovation in the product range and by maintaining the consistent quality of the product.

Product mix and Market mix

Our Company deals in a range of products like Shirting Fabrics, Dress Materials, Home Furnishing fabrics etc in both, Narrow Width and Wider Widths. This wide range has given us immense opportunity to expand and explore new

markets. Our Company has presence in domestic as well as overseas markets. Our overseas supplies are primarily distributed among European, Middle East and Sri Lankan markets.

Cost effective production and timely fulfilment of orders

Timely fulfilment of the orders is a prerequisite in our industry. Our Company has taken various steps in order to ensure adherence to timely fulfilment and also to achieve greater cost efficiency. These steps include identifying quality grey cloth and Colours & Chemical suppliers (which forms a bulk of our raw material cost), smooth labour relations, use of an efficient production system and ability to meet large and varied orders due to our capacity and linkages with raw material suppliers. Our Company also has enjoyed good relations with our suppliers of grey cloth and Colours & Chemicals which is the primary raw material for our products and as a consequence has had the benefit of timely supplies of the raw materials which has been one of the major reasons why we have been able to achieve timely fulfilment of orders of our customers. Our Company constantly endeavours to implement an efficient procurement policy for inputs required for production so as to ensure cost efficiency in procurement which in turn results in cost effective production.

OUR STRATEGIES

Our strategic objective is to improve and consolidate our position as a Textile Processing Unit with a continuous growth philosophy. The diagram below represents our continuous growth philosophy being implemented on a day-to-day basis.

Our continuous growth philosophy is being driven with the strategic levers of operational excellence, strengthening existing services, customer satisfaction, ecosystem development, innovation and marketing.

Operational excellence

We continue to invest in operational excellence throughout the organization. We are addressing operational excellence through continuous process improvement, customer service and technology development. Alignment of our people to 'process improvement' through change management and upgrading of skills as required for customer satisfaction is a continuous activity. Awareness of this quality commitment is widespread among all the employees.

Geographical expansion

We cater to a large number of clients throughout the Country and Abroad. In India, our clients are scattered throughout the Country. We further intend to continue to cater to PAN India clients.

Our Exports are majorly concentrated in Europe, especially Germany, Middle East and Sri Lanka. We intend to supply to other European countries and also intend to enter other regions of the world over the course of time.

Expand our global footprint

Through a combination of increased capacities, reduced costs, wider range of products adhering to global standards, marketing initiatives, competitive pricing and more efficient use of resources, we intend to expand our global footprint and become a preferred supplier for large format international retail chains and institutions.

Focusing on value added products

With the well balanced Narrow and Wider Width processing facilities, our Company will be technically capable to focus on value added products. Though value added products, especially in Home Furnishing segment, do not show significantly high volumes in terms of sales, but they normally command premium pricing which would have a positive impact on our margins.

SUMMARY OF FINANCIAL INFORMATION

The following summary financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations 2009 and restated as described in the Statutory Auditor's Report of M/s. Anil S. Shah & Co., Chartered Accountants, dated July 02, 2014 in the chapter titled "Financial Statements" beginning on page 125 of this Prospectus. The summary financial information presented below should be read in conjunction with our restated financial statements for the year ended March 31, 2014, 2013, 2012, 2011 and 2010 including the notes thereto and the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 147 of this Prospectus.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particulars	As on March 31,				
	2014	2013	2012	2011	2010
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	970.00	115.00	115.00	115.00	115.00
(b) Reserves and Surplus	3,444.81	3,785.34	3,578.57	3,512.27	3,207.06
Total Shareholder's Funds (A)	4,414.81	3,900.34	3,693.57	3,627.22	3,322.06
(2) Share application money pending allotment (B)	-	-	-	-	-
(3) Non-Current Liabilities					
(a) Long-term borrowings	2,114.51	2,529.80	2,974.51	3,189.04	2,784.21
(b) Deferred tax liabilities (Net)	-	-	-	26.42	97.87
(c) Other Long term liabilities	-	10.03	8.14	27.82	23.98
(d) Long term provisions	109.45	99.81	98.99	93.94	79.75
Total Non-Current Liabilities (C)	2,223.96	2,639.64	3,081.64	3,337.22	2,985.81
(4) Current Liabilities					
(a) Short-term borrowings	2,895.86	2,622.79	2,633.36	679.09	2,367.73
(b) Trade payables	2,198.95	2,282.06	1,479.07	1,113.96	1,166.12
(c) Other current liabilities	798.15	769.54	852.87	836.35	675.69
(d) Short-term provisions	121.15	133.25	8.36	53.65	85.46
Total Current Liabilities (D)	6,014.11	5,807.64	4,973.66	2,683.05	4,295.00
Total (A+B+C+D)	12,652.87	12,347.62	11,748.87	9,647.49	10,602.87
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	3,174.12	3,755.98	4,282.31	4,104.65	4,114.60
(ii) Intangible assets	-	-	-	-	-
(iii) Capital work-in-progress	-	-	-	400.02	67.85
(iv) Intangible assets under development	-	-	-	-	-
(b) Non-current investments	11.04	11.04	11.04	11.03	19.29
(c) Deferred tax assets (net)	145.04	97.40	29.20	-	-
(d) Long term loans and advances	538.48	138.22	389.64	345.08	112.99
(e) Other non-current assets	29.28	56.68	63.57	73.19	17.32
Total Non-Current Assets (A)	3,897.96	4,059.32	4,775.76	4,933.97	4,332.66
(2) Current assets					
(a) Current investments	-	-	-	-	-
(b) Inventories	1,057.22	1,092.74	1,125.32	1,386.10	1,251.67
(c) Trade receivables	5,413.39	6,498.71	5,213.24	2,561.04	4,299.05
(d) Cash and cash equivalents	109.47	110.76	67.53	80.99	129.97
(e) Short-term loans and advances	2,174.84	586.09	567.02	685.39	589.52
(f) Other current assets	-	-	-	-	-
Total Current Assets (B)	8,754.92	8,288.30	6,973.11	4,713.52	6,270.21
Total (A+B)	12,652.87	12,347.62	11,748.87	9,647.49	10,602.87

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
Income					
Revenue from Manufacturing	2,319.23	3,034.37	3,099.05	5,451.38	3,817.12
Revenue from Trading	5,079.76	4,767.38	2,928.54	707.69	2,386.20
Revenue from Job Work & Others	13,003.94	10,523.06	8,578.05	8,182.81	7,374.81
Total Revenue from Operations	20,402.93	18,324.81	14,605.64	14,341.88	13,878.12
Other Income	8.19	10.20	51.25	40.53	16.70
Total Income	20,411.11	18,335.01	14,656.89	14,382.41	13,894.82
Expenditure					
Purchases	15,363.04	14,170.31	11,306.23	11,179.41	10,334.00
Change in Inventories	(9.87)	(57.76)	(46.26)	1.42	31.37
Employee benefit expense	2,227.87	1,481.28	809.12	760.98	725.54
Financial costs	640.94	685.57	699.45	414.94	463.41
Depreciation and amortization expense	695.59	799.94	769.76	712.90	742.32
Other expenses	1,166.83	991.89	1,104.54	1,133.48	1,234.96
Total Expenses	20,084.39	18,071.24	14,642.84	14,203.13	13,531.60
Profit before exceptional and extraordinary items and tax	326.72	263.77	14.05	179.28	363.22
Add: Exceptional Items	1.11	3.55	3.38	4.48	-
Profit before extraordinary items and tax	327.83	267.32	10.67	183.76	363.22
Less: Extraordinary Items	-	-	-	-	-
Profit before tax	327.83	267.32	10.67	183.76	363.22
Tax expense:					
Current tax	(77.00)	(88.00)	-	-	(50.00)
Tax exp. Relating to prior year written back	(8.61)	(41.12)	-	50.00	(56.05)
Deferred Tax Assets to prior year	(0.39)	-	-	-	-
Deferred tax	47.64	68.58	55.62	71.45	85.10
Profit/(Loss) from the period from continuing operations	289.47	206.78	66.29	305.21	342.27
Profit/(Loss) from discontinuing operations	-	-	-	-	-
Tax expense of discounting operations	-	-	-	-	-
Profit/(Loss) from Discontinuing operations	-	-	-	-	-
Profit/(Loss) for the period	289.47	206.78	66.29	305.21	342.27

SUMMARY OF CASH FLOW STATEMENT, AS RESTATED

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit After tax as Restated	289.47	206.77	66.29	305.21	342.28
Adjustment for :					
Depreciation	695.59	799.94	769.76	792.90	742.32
Extra Ordinary Items					
(Profit)/Loss on Sale of Assets	(1.11)	(3.55)	3.37	(2.20)	-
(Profit)/Loss on sale of Investment		-	-	(2.28)	-
Interest Income	(5.98)	(5.48)	(4.63)	(5.94)	(6.11)
Provision for Income Tax	85.61	129.13	-	50.00	106.05
Deferred Tax	(47.64)	(68.20)	(55.62)	(71.46)	(85.10)
Operating Profit before Working Capital Changes	1,015.94	1058.61	779.18	986.23	1099.45
Adjustment for :-					
(Increase) / Decrease in Inventories	35.52	32.57	260.78	(134.43)	(259.54)
(Increase) / Decrease in Trade Receivables	1,085.32	(1285.47)	(2652.17)	1737.99	138.99
Increase/Decrease in Trade Payables	(83.12)	802.99	365.11	(52.16)	(163.06)
Increase /Decrease in short term provision	(12.11)	124.89	(45.29)	(31.81)	25.38
Increase /Decrease in long term provision	9.64	0.81	5.05	14.19	15.56
Increase /Decrease in long term liabilities	(10.03)	1.89	(19.68)	3.84	17.37
Increase /Decrease in Other current liabilities	28.62	(133.22)	16.52	160.66	280.97
Increase /Decrease in short term loans & Advances	(1,588.75)	(19.07)	118.37	(95.87)	55.24
Increase /Decrease in other Non Current Assets	27.39	6.89	9.63	(55.27)	-
Cash Generated from Operations	508.42	590.92	(1162.49)	2,533.38	1,210.37
Direct Taxes Paid	(85.61)	(129.13)	0	(50.00)	(106.05)
Net cash from/(used in) operating activities (A)	422.81	712.81	(1162.49)	2483.38	1104.31
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of fixed Assets (incl. WIP)	(111.99)	(274.79)	(981.06)	(1172.66)	(246.96)
Sale of Fixed Assets (incl. WIP)	1.53	1.18	433.66	137.54	11.39
Profit on Sale of Fixed Assets	1.11	3.55	(3.37)	2.20	-
Other non Current Investments		-	-	8.25	-
Sale of Investments		-	-	2.28	-
Interest Income	5.98	5.48	4.63	5.94	6.11
Dividends received		-	-	-	-
Net cash from/(used in) Investing activities (B)	(103.37)	(264.58)	(546.14)	(1016.45)	(229.43)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds From issue of share capital + Share Application Money	50.00	-	-	-	-
Proceeds from Securities Premium	175.00	-	-	-	-
Increase/Decrease in Long Term Borrowing	476.14	(394.82)	(214.53)	404.82	(571.09)
Increase/Decrease in Long Term Loans & Advances	(400.25)	251.42	(44.56)	(232.09)	(51.39)
Preliminary Exp.	(3.27)				
Increase/(Decrease) in Short Term borrowing	(618.36)	(10.57)	1954.27	(1688.64)	(237.63)
Net cash from/(used in) financing activities (C)	(320.74)	(153.98)	1695.18	(1515.90)	(860.11)

Net (Decrease)/Increase in cash and Cash Equivalents (A+B+C)	(1.30)	43.23	(13.45)	(48.97)	14.77
Cash and cash equivalents at beginnings of year	110.77	67.54	80.99	129.96	115.19
Cash and cash equivalents at end of year	109.47	110.77	67.54	80.99	129.96

THE ISSUE

PRESENT ISSUE IN TERMS OF THIS PROSPECTUS

Equity Shares Offered: Present Issue of Equity Shares by our Company	34,74,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 45 per share aggregating ₹ 1,563.30 lakhs
<i>Of which:</i>	
Issue Reserved for the Market Makers	1,74,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 45 per share aggregating ₹ 78.30 lakhs
Net Issue to the Public	33,00,000 Equity Shares of ₹10 each for cash at a price of ₹ 45 per share aggregating ₹ 1,485.00 lakhs
Equity Shares outstanding prior to the Issue	97,00,000 Equity Shares
Equity Shares outstanding after the Issue	1,31,74,000 Equity Shares
Objects of the Issue	Please see the chapter titled “ <i>Objects of the Issue</i> ” on page 52 of this Prospectus

This issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details, please see the section titled “*Issue Related Information*” beginning on page 183 of this Prospectus.

The Issue has been authorized by the Board of Directors of our Company vide a resolution passed at its meeting held on April 04, 2014 and by the Shareholders vide a resolution passed in its Extra-Ordinary General Meeting held with a shorter notice on April 08, 2014.

GENERAL INFORMATION

Our Company was incorporated as Vishal Fabrics Private Limited on October 22, 1985 under the Companies Act, 1956 bearing the Registration Number 008206 of 1985-86 with the Registrar of Companies, Gujarat. The status of our Company was changed to a public limited company and the name of our Company was changed to Vishal Fabrics Limited by a special resolution passed on February 25, 2014. The fresh certificate of incorporation consequent to the change of name was granted to our Company on March 31, 2014, by the Registrar of Companies, Ahmedabad, Gujarat.

Brief Company and Issue Information

Registered Office	Corporate Office
Ranipur, Narol Road, Ahmedabad – 382405. Gujarat Tel. No.: +91 – 79 – 25353977 / 78 / 79 / 80; Fax No.: +91 – 79 – 25353981; Email: cs.vfl@chiripalgroup.com ; Website: www.vishalfabricsltd.com	Chiripal House, Near Shivranjani Cross Roads, Satellite, Ahmedabad – 380015 Tel. No.: +91 – 79 – 26734660 / 62 / 63 Fax No.: +91 – 79 – 26768656
Date of Incorporation	October 22, 1985
Company Registration No.	008206
Company Identification No.	U17110GJ1985PLC008206
Address of Registrar of Companies	RoC Bhavan , Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013 Phone: 079-27437597; Fax 079-27438371 Email : roc.ahmedabad@mca.gov.in
Issue Programme	Issue Opens on: July 31, 2014 Issue Closes on: August 05, 2014
Designated Stock Exchange	SME Platform of BSE Limited
Company Secretary & Compliance Officer	Ms. Poonam Pabla Chiripal House, Near Shivranjani Cross Roads, Satellite, Ahmedabad – 380015 Tel. No.: +91 – 79 – 26734660 / 62 / 63 Fax No.: +91 – 79 – 26768656 Email: poonam@chiripalgroup.com

Board of Directors of the Company

The following table sets forth the Board of Directors of our Company:

Sr. No.	Name, Address and Age	Status	Designation	DIN No.
1.	Mr. Jyotiprasad Devkinandan Chiripal Address: 91, Basant Bahar Bunglows, Opp. Sterling City, Bopal, Ahmedabad – 380058 Age: 60	Executive and Non-Independent Director	Managing Director	00155695
2.	Mrs. Nitika Chiripal Address: 91, Basant Bahar Bunglows, Opp. Sterling City, Bopal, Ahmedabad – 380058 Age: 32	Non - Executive and Non-Independent Director	Director	00154827
3.	Mr. Arakhita Khandual Address: B-102, Panchdhara Plaza, Satellite Road, Ahmedabad – 380015 Age: 60	Non - Executive Director	Independent Director	00055601
4.	Mr. Gautam C. Gandhi Address: 2, Prabhat Society, Near Suvidha Shopping Centre, Paldi, Ahmedabad – 380009 Age: 79	Non - Executive Director	Independent Director	00049735

For further details pertaining to the educational qualification and experience of our Directors, please see the Chapter titled “Our Management” on beginning on page 97 of this Prospectus.

Note: Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the SCSBs, giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection centre of the SCSB where the ASBA Application Form was submitted by the ASBA Bidders.

DETAILS OF KEY INTERMEDIARIES PERTAINING TO THIS ISSUE AND OUR COMPANY

LEAD MANAGER OF THE ISSUE



ARYAMAN FINANCIAL SERVICES LIMITED

60, Khatau Building, Gr. Floor,
Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.),
Fort, Mumbai – 400 001
Tel. No.: +91 – 22 – 2261 8264
Fax No.: +91 – 22 – 2263 0434
Website: www.afsl.co.in
Email: ipo@afsl.co.in
Investor Grievance Email: feedback@afsl.co.in
Contact Person: Mr. Pranav Nagar / Mr. Krish Sanghvi
SEBI Registration No.: INM000011344

REGISTRAR TO THE ISSUE



Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup West,
Mumbai – 400 078.
Tel. No.: +91 – 22 – 2596 7878
Fax No.: +91 – 22 – 2596 0329
Email: vfl.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Sachin Achar
SEBI Registration. No.: INR000004058*

**The SEBI registration of Link Intime India Private Limited, the Registrar to the Offer, was valid up to May 5, 2014. Link Intime India Private Limited had filed for Renewal of Registration vide application dated January 30, 2014. SEBI vide its letter dated July 09, 2014 has in-principally approved the permanent registration of Link Intime India Private Limited subject to payment of requisite fees.*

LEGAL ADVISOR TO THE ISSUE

Juris Matrix (Advocates & Solicitors)

302, Apeejay House,
130, Mumbai Samachar Marg,
Fort, Mumbai – 400001
Tel No.: +91 – 22 – 2285 6164
Fax No.: +91 – 22 – 2283 4519
Email: anil@jurismatrix.net
Contact Person: Mr. Anil Shah

STATUTORY AUDITORS OF THE COMPANY

M/s Anil S. Shah & Co.

Chartered Accountants

302, Shailly Complex, Opp. Loha Bhavan,
9, Nehru Park, Old High Court, Navrangpura,
Ahmedabad – 380009

Tel No.: +91 – 79 – 2754 1146

Email: kprofessionals@yahoo.com

Contact Person: Mr. Krunal A. Shah

BANKER(S) TO OUR COMPANY



Oriental Bank of Commerce

“Neel Kamal”, Opposite Sales India,

Ashram Road, Ahmedabad - 380009

Tel. No.: +91 – 79 – 2754 1843 / 4036 / 2029

Fax No.: +91 – 79 – 2754 5672

Email: bm0170@obc.co.in

Web Site: www.obcindia.co.in

Contact Person: Mr. Sunil Chugh



IDBI Bank

Off C. G. Road, Near Lal Bunglow,

Ahmedabad – 380006

Tel. No.: +91 – 79 – 6607 2606 / 08 / 10

Fax No.: +91 – 79 – 6607 2625

Email: naresh.makhija@idbi.co.in

Web Site: www.idbi.com

Contact Person: Mr. Naresh Makhija

BANKERS TO THE ISSUE / ESCROW COLLECTION BANKS



Axis Bank Limited

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

Tel No.: +91 – 22 – 6610 7353 / 7265

Fax No.: +91 – 22 – 2283 5758 / 6610 7322

Website: www.axisbank.com

Email: rajesh.khandelwal@axisbank.com

Contact Person: Rajesh Khandelwal / Viraj Vaidya

SEBI Registration No.: INBI00000017



HDFC Bank Limited

FIG – OPS Department, Lodha I,

Think Techno Campus, O-3 Level,

Next to Kanjurmarg Railway Station,

Kanjurmarg (East), Mumbai – 400 042.

Tel No.: +91 – 22 – 3075 2928

Fax No.: +91 – 22 – 2579 9801

Email: uday.dixit@hdfcbank.com

Website: www.hdfcbank.com

Contact Person: Mr. Uday Dixit

SEBI Registration No.: INBI00000063

REFUND BANKER TO THE ISSUE



HDFC Bank Limited

FIG – OPS Department, Lodha I,
Think Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400 042.
Tel No.: +91 – 22 – 3075 2928
Fax No.: +91 – 22 – 2579 9801
Email: uday.dixit@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Uday Dixit
SEBI Registration No.: INBI00000063

Self Certified Syndicate Banks

The list of Banks that have been notified by SEBI to act as SCSBs for the ASBA process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Application Forms, kindly refer to the above mentioned SEBI link.

Brokers to the Issue

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

Statement of Inter-se Allocation of Responsibilities

Aryaman Financial Services Limited is the Sole Lead Manager to this issue, and hence is responsible for all the issue management related activities.

Monitoring Agency

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the issue size is below ₹ 50000 lakhs. Since the Issue size is below ₹ 50000 lakhs, our Company has not appointed a monitoring agency for this issue. However, as per the Clause 52 of the SME Listing Agreement to be entered into with BSE upon listing of the equity shares and the corporate governance requirements, the audit committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

IPO Grading

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

Trustees

This being an Issue of Equity Shares, the appointment of trustees is not required.

Details of the Appraising Authority

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

Credit Rating

This being an Issue of Equity Shares, no credit rating is required.

Expert Opinion

Except the report of the Statutory Auditor of the Company on the financial statements and on the Statement of Tax Benefits included in this Prospectus, our Company has not obtained any other expert opinion.

Underwriting

This Issue is 100% Underwritten and the Underwriting agreement is dated May 15, 2014. Pursuant to the terms of the Underwriting Agreement; the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this Issue:

Details of the Underwriter	No. of Shares Underwritten	Amount Underwritten (₹ in lakhs)	% of the Total Issue Size Underwritten
Aryaman Financial Services Limited	33,00,000	1,485.00	94.99
Aryaman Capital Markets Limited	1,74,000	78.30	5.01
Total	34,74,000	1,563.30	100.00

As per Regulation 106P (2) of SEBI (ICDR) Regulations, 2009, the Lead Manager has agreed to underwrite to a minimum extent of 15% of the Issue out of its own account.

In the opinion of the Board of Directors (based on certificate given 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 broker with the Stock Exchange.

Details of the Market Making Arrangement for this Issue

Our Company and the Lead Manager, Aryaman Financial Services Limited have entered into an agreement dated May 14, 2014 with Aryaman Capital Markets Limited, a Market Maker registered with the SME Platform of BSE in order to fulfil the obligations of Market Making. The Details of the Market Maker are as under:

MARKET MAKER



ARYAMAN CAPITAL MARKETS LIMITED
(formerly known as Aryaman Broking Limited)
 60, Khatau Building, Gr. Floor,
 Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.),
 Fort, Mumbai – 400 001
 Tel. No.: +91 – 22 – 2261 8635
 Fax No.: +91 – 22 – 2263 0434
 Email: aryacapm@gmail.com
 Contact Person: Ms. Vinaya Panchal
 SEBI Registration No.: INB011465938
 Market Maker Reg. No.: SMMM0651421122012

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 arrangement:

1. The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.
2. The minimum depth of the quote shall be ₹ 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 Inventory Management and Buying/Selling Quotations and its mechanism shall be as per the relevant circulars issued by SEBI and BSE SME Platform 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. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
6. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
7. The Market Maker may also be present in the opening call auction, but there is no obligation on him to do so.
8. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems or any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
9. The Market Maker shall have the right to terminate said arrangement by giving a three months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker.

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

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

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

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

12. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹ 25,000 lakhs, the applicable price bands for the first day shall be:
 - a. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
 - b. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
 - c. Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading.

The following spread will be applicable on the BSE SME Exchange/ Platform:

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

All the above mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.

CAPITAL STRUCTURE

The share capital of the Company as at the date of this Prospectus is set forth below:

(₹ in Lakhs, except share data)

Sr. No.	Particulars	Aggregate Value at Nominal Value	Aggregate Value at Issue Price
A	Authorised Share Capital		
	1,50,00,000 Equity Shares of face value of ₹ 10 each	1,500.00	
B	Issued, Subscribed and Paid-up Share Capital before the Issue		
	97,00,000 Equity Shares of face value of ₹ 10 each	970.00	
C	Present Issue in terms of this Prospectus*		
	Issue of 34,74,000 Equity Shares of ₹ 10 each at a price of ₹ 45 per Equity Share	347.40	1,563.30
	<i>Which comprises:</i>		
	1,74,000 Equity Shares of ₹ 10 each at a price of ₹ 45 per Equity Share reserved as Market Maker Portion	17.40	78.30
	Net Issue to Public of 33,00,000 Equity Shares of ₹ 10 each at a price of ₹ 45 per Equity Share to the Public	330.00	1,485.00
	<i>Of which:</i>		
	16,50,000 Equity Shares of ₹ 10 each at a price of ₹ 45 per Equity Share will be available for allocation for Investors of up to ₹ 2.00 lakhs	165.00	742.50
	16,50,000 Equity Shares of ₹ 10 each at a price of ₹ 45 per Equity Share will be available for allocation for Investors of above ₹ 2.00 lakhs	165.00	742.50
D	Equity Share Capital after the Issue		
	1,31,74,000 Equity Shares of ₹ 10 each	1,317.40	
E	Securities Premium Account		
	Before the Issue	175.00	
	After the Issue	1,390.90	

* The present Issue has been authorized pursuant to a resolution of our Board dated April 04, 2014 and by Special Resolution passed under Section 62(1C) of the Companies Act, 2013 at an Extra-Ordinary General Meeting of our shareholders held with a shorter notice on April 08, 2014

Our Company has no outstanding convertible instruments as on the date of this Prospectus.

Classes of Shares

As on date, the Company has only one class of share capital i.e. Equity Shares of ₹ 10 each.

Changes in Authorized Share Capital

Date of Change/Meeting	Existing Capital		Additional Capital		Total Capital		Remarks	Authorized Share Capital (₹)
	No. of Shares	₹ / Share	No. of Shares	₹ / Share	No. of Shares	₹ / Share		
On Incorporation	-	-	15,000	100	15,000	100	Incorporation	15,00,000
April 29, 2003	15,000	100	1,00,000	100	1,15,000	100	Increase	1,15,00,000
August 19, 2013	1,15,000	100	1,85,000	100	3,00,000	100	Increase	3,00,00,000
January 20, 2014	3,00,000	100	7,00,000	100	10,00,000	100	Increase	10,00,00,000

Date of Change/Meeting	Existing Capital		Additional Capital		Total Capital		Remarks	Authorized Share Capital (₹)
	No. of Shares	₹ / Share	No. of Shares	₹ / Share	No. of Shares	₹ / Share		
February 25, 2014	10,00,000	100	5,00,000	100	15,00,000	100	Increase	15,00,00,000
February 25, 2014	Sub Division of the Face Value of the Equity Shares from ₹ 100 to ₹ 10 each				1,50,00,000	10	Sub-Division	15,00,00,000

Notes to the Capital Structure

1. Share Capital History of our Company:

a) Equity Share Capital

Our Company has made allotments of Equity Shares from time to time. The following is the Equity Share Capital Build-up of our Company:

Date of Allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature / Reason of Allotment	Nature of Consideration	Cumulative No. of Equity Shares	Cumulative Paid Up Share Capital (₹)	Cumulative Share Premium (₹)
October 22, 1985	4	100	100	Subscription to MoA	Cash	4	400	Nil
June 07, 1986	800	100	100	Further Allotment	Cash	804	80,400	Nil
March 21, 1989	1,596	100	100	Further Allotment	Cash	2,400	2,40,000	Nil
September 04, 1998	2,100	100	300	Further Allotment	Cash	4,500	4,50,000	4,20,000
July 21, 2000	10,500	100	100	Further Allotment	Cash	15,000	15,00,000	4,20,000
May 12, 2003	40,000	100	700	Further Allotment	Cash	55,000	55,00,000	2,44,20,000
March 28, 2005	10,000	100	2,000	Further Allotment	Cash	65,000	65,00,000	4,34,20,000
September 20, 2006	45,000	100	100	Further Allotment	Cash	1,10,000	1,10,00,000	4,34,20,000
November 26, 2007	5,000	100	2100	Further Allotment	Cash	1,15,000	1,15,00,000	5,34,20,000
January 28, 2014	3,45,000	100	-	Bonus Allotment*	Non – Cash	4,60,000	4,60,00,000	1,89,20,000
February 25, 2014	Sub Division of the Face Value of the Equity Shares from ₹ 100 to ₹ 10 each					46,00,000	4,60,00,000	1,89,20,000
March 04, 2014	46,00,000	10	-	Bonus Allotment [#]	Non – Cash	92,00,000	9,20,00,000	Nil
March 29, 2014	5,00,000	10	45	Further Allotment	Cash	97,00,000	9,70,00,000	1,75,00,000

* Pursuant to the approval in EGM held on January 20, 2014, our Company has issued 3,45,000 Bonus Shares in the ratio of 3:1 i.e. 3 equity shares of ₹100 each for every 1 equity share of ₹100 each held to the shareholders, by way of capitalization of Securities Premium.

[#] Pursuant to the approval in EGM held on February 25, 2014, our Company has issued 4,600,000 Bonus Shares in the ratio of 1:1 i.e. 1 equity shares of ₹10 each for every 1 equity share of ₹10 each held to the shareholders, by way of capitalization of Securities Premium and Profit & Loss / General Reserve.

b) Shares allotted for consideration other than cash.

Date of Allotment	No. of Equity Shares	Face Value (₹)	Nature of Allotment	Allotted Person	Benefits Accrued to the Company
January 28, 2014	3,45,000	100	Bonus Issue in the ratio 3:1	Shareholders of the Company as on date	Nil
March 04, 2014	46,00,000	10	Bonus Issue in the ratio 1:1	Shareholders of the Company as on date	Nil

c) No shares have been allotted in terms of any scheme approved under sections 391-394 of the Companies Act, 1956.

d) No bonus shares have been issued out of Revaluation Reserves.

e) Our Company has not allotted Equity Shares during preceding one year from the date of the Draft Prospectus which may be lower than the Issue price except the following

Date of Allotment	Name of the Allottee	Number of Shares	Issue Price (₹)	Reasons
January 28, 2014	All Shareholders of the Company as on date	3,45,000*	-	Bonus Allotment
March 04, 2014	All Shareholders of the Company as on date	46,00,000 [#]	-	Bonus Allotment

* Bonus Shares issued on shares with F. V. ₹100/- per share

[#] Bonus Shares issued on shares with F. V. ₹10/- per share

f) **Shareholding of our Promoters**

Set forth below are the details of the build-up of shareholding of our Promoter:

Date of Allotment / Transfer	Nature of Transaction	Consideration	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative no. of Equity shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital	Source of Funds
Chiripal Industries Limited*									
May 12, 2003	Allotment	Cash	14,000	100	700	14,000	1.44	1.06	Owned Funds and Internal Accruals
March 31, 2004	Transfer	Cash	(14,000)	100	100	Nil	N. A.	N. A.	N. A.
March 31, 2006	Transfer	Cash	56,100	100	100	56,100	5.78	4.26	Owned Funds and Internal Accruals
September 20, 2006	Further Allotment	Cash	45,000	100	100	1,01,100	10.42	7.67	Owned Funds and Internal Accruals
November 26, 2007	Further Allotment	Cash	5,000	100	2,100	1,06,100	10.94	8.05	Owned Funds and Internal Accruals
January 28, 2014	Allotment of Bonus	Non-Cash	3,18,300	100	-	4,24,400	43.75	32.21	N. A.
January 31, 2014	Transfer	Cash	(1,06,100)	100	900	3,18,300	32.81	24.16	N. A.

Date of Allotment / Transfer	Nature of Transaction	Consideration	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative no. of Equity shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital	Source of Funds
February 25, 2014	Sub Division of the Face Value of the Equity Shares from ₹ 100 to ₹ 10 each					31,83,000	32.81	24.16	N. A.
March 04, 2014	Allotment of Bonus	Non-Cash	31,83,000	10	-	63,66,000	65.63	48.32	N. A.

* Our Promoter Chiripal Industries Limited was formerly known as Chiripal Twisting & Sizing Pvt. Ltd. The name was later changed to Chiripal Petrochemicals Limited and again to Chiripal Industries Limited.

Notes:

- None of the shares belonging to our promoters have been pledged till date.
- All the promoters' shares shall be subject to lock-in from the date of allotment of the equity shares issued through this Prospectus for periods as per applicable Regulations of the SEBI (ICDR) Regulations. For details please see Note no. 2 of "Capital Structure" beginning on page 43 of this Prospectus.

g) None of the Directors of our Promoter hold any Equity Shares of our Company.

h) There are no transactions in our Equity Shares during the past six months,, which have been purchased/(sold) by our Promoters, their relatives and associates, persons in Promoter Group (as defined under sub-clause (zb) sub regulation (1) Regulation 2 of the SEBI (ICDR) Regulations, 2009) or the Directors of the Company except as mentioned below:

Date of Transaction	Name of Transferor	Name of Transferee	No. of Shares	Price (₹) (F.V. ₹ 100)	Nature of Transaction	Nature of Consideration
January 31, 2014	Chiripal Industries Limited	Devkinandan Corporation LLP	53,050	900/-	Transfer	Cash
January 31, 2014	Chiripal Industries Limited	Chiripal Exim LLP	53,050	900/-	Transfer	Cash

i) None of the members of the Promoter Group, Directors and their immediate relatives have financed the purchase of Equity shares of our Company, by any other person during the period of six months immediately preceding the date of this Prospectus.

2. Promoters' Contribution and other Lock-In details:

a) Details of Promoters' Contribution locked-in for 3 years

Pursuant to the Regulation 32(1) and 36(a) of the SEBI (ICDR) Regulations, an aggregate of 20% of the Post-Issue Equity Share Capital held by our Promoters shall be considered as promoters' contribution ("**Promoters' Contribution**") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

The details of the Promoters Equity Shares proposed to be locked-in for a period of three years are as follows:

Name of Promoter	No. of Shares locked in*	As a % of Post Issue Share Capital
Chiripal Industries Limited	26,50,000 [#]	20.12
Total	26,50,000	20.12

* For details on the date of Allotment of the above Equity Shares, the nature of Allotment, face value and the price at which they were acquired, please see Note 1(f) under "Notes to Capital Structure" on page 43 of this Prospectus.

[#] The shares allotted as bonus shares are issued out of Securities Premium and Profit & Loss / General Reserve and are eligible for minimum promoter contribution as required under Regulation 33 (1) (a) of SEBI (ICDR) Regulations, 2009.

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

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

The minimum Promoters' Contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI (ICDR) Regulations, 2009. The Promoters' Contribution constituting 20% of the post-Issue capital shall be locked-in for a period of three years from the date of Allotment of the Equity Shares in the Issue.

All Equity Shares, which are to be locked-in, are eligible for computation of Promoters' Contribution, in accordance with the SEBI (ICDR) Regulations, 2009. Accordingly we confirm that the Equity Shares proposed to be included as part of the Promoters' Contribution:

- a) have not been subject to pledge or any other form of encumbrance; or
- b) have not been acquired, during preceding three years, for consideration other than cash and revaluation of assets or capitalization of intangible assets is not involved in such transaction;
- c) is not resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the Issuer or from bonus issue against Equity Shares which are ineligible for minimum Promoters' Contribution;
- d) have not been acquired by the Promoters during the period of one year immediately preceding the date of this Draft Prospectus at a price lower than the Issue Price.

The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters 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 Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as applicable.

We further confirm that our Promoters' Contribution of 20% of the Post Issue Equity does not include any contribution from Alternative Investment Funds.

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

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

- Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by shareholders other than our Promoters, which are locked-in as per Regulation 37 of the SEBI (ICDR) Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.

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

Set forth is the shareholding of our Promoters and Promoters' Group before and after the proposed issue:

Category of Promoters	Pre Issue		Post Issue	
	No. of Shares	%	No. of Shares	%
1. Promoter				
Chiripal Industries Limited	63,66,000	65.63	63,66,000	48.32
2. A subsidiary or holding company of that company	--	--	--	--
3. Any company in which the Corporate Promoter holds 10% or more of the total shareholding or which holds 10% or more of the total shareholding of the Core Corporate Promoter	--	--	--	--
4. Any company in which a group of individuals or companies or combinations thereof who holds 20% or more of the equity capital in that company, also hold 20% or more of the equity capital of the issuer company	--	--	--	--
5. Other Persons, Firms or Companies whose shareholding is aggregated for the purpose of disclosing in the Prospectus under the heading "Shareholding of Promoter Group".				
Chiripal Exim LLP	13,11,000	13.52	13,11,000	9.95
Devkinandan Corporation LLP	13,11,000	13.52	13,11,000	9.95
Preetidevi Agarwal	2,96,000	3.05	2,96,000	2.25
Nishi Agarwal	72,000	0.74	72,000	0.55
Shivani Chiripal	72,000	0.74	72,000	0.55
Shaloo Agarwal	48,000	0.49	48,000	0.36
Priyanka Chiripal	40,000	0.41	40,000	0.30
Savitridevi Vedprakash Chiripal	32,000	0.33	32,000	0.24
Vishal Chiripal	32,000	0.33	32,000	0.24
Deepak Agarwal	24,000	0.25	24,000	0.18
Manjudevi Agarwal	24,000	0.25	24,000	0.18
Ronak Agarwal	24,000	0.25	24,000	0.18
Urmila Agarwal	24,000	0.25	24,000	0.18
Vedprakash Brijmohan HUF	24,000	0.25	24,000	0.18
Total Promoter & Promoter Group Holding	97,00,000	100.00	97,00,000	73.62
Total Paid up Capital	97,00,000	100.00	1,31,74,000	100.00

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

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

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1.	Chiripal Industries Limited	63,66,000	65.63
2.	Devkinandan Corporation LLP	13,11,000	13.52
3.	Chiripal Exim LLP	13,11,000	13.52

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
4.	Pritidevi Chiripal	2,96,000	3.05
5.	Nishi Chiripal	72,000	0.74
6.	Shivani Chiripal	72,000	0.74
7.	Shaloo Chiripal	48,000	0.49
8.	Priyanka Chiripal	40,000	0.41
9.	Savitridevi Chiripal	32,000	0.33
10.	Vishal Chiripal	32,000	0.33
Total		95,80,000	98.76

b. The top ten Shareholders of our Company ten days prior to date of this Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares to Pre – Issue Share Capital
1.	Chiripal Industries Limited	63,66,000	65.63
2.	Devkinandan Corporation LLP	13,11,000	13.52
3.	Chiripal Exim LLP	13,11,000	13.52
4.	Pritidevi Chiripal	2,96,000	3.05
5.	Nishi Chiripal	72,000	0.74
6.	Shivani Chiripal	72,000	0.74
7.	Shaloo Chiripal	48,000	0.49
8.	Priyanka Chiripal	40,000	0.41
9.	Savitridevi Chiripal	32,000	0.33
10.	Vishal Chiripal	32,000	0.33
Total		95,80,000	98.76

c. The top ten Shareholders of our Company two years prior to date of this Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Shares Pre-Issue Share Capital
1.	Chiripal Industries Limited	1,06,100	92.26
2.	Pritidevi Chiripal	3,700	3.22
3.	Nishi Chiripal	900	0.78
4.	Shivani Chiripal	900	0.78
5.	Shaloo Chiripal	600	0.52
6.	Priyanka Chiripal	500	0.43
7.	Savitridevi Chiripal	400	0.35
8.	Vishal Chiripal	400	0.35
9.	Manjudevi Chiripal	300	0.26
10.	Urmiladevi Chiripal	300	0.26
Total		1,14,100	99.21

5. Neither the Company, nor its Promoters, Directors and the Lead Manager have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company from any person.
6. None of our Directors or Key Managerial Personnel hold Equity Shares in the Company, except as stated in the Chapter titled “Our Management” on page 97 of this Prospectus.
7. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in “Issue Procedure - Basis of Allotment” on page 206 of this Prospectus.
8. An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

9. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
10. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the LM and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines
11. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.
12. As on date of this Prospectus, the entire issued share capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.
13. As on the date of this Prospectus, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.
14. 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.
15. Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only.
16. Except as disclosed in the Prospectus, our 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 issue of bonuses or rights or further public issue of specified securities or Qualified Institutional Placement.
17. 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 Prospectus.
18. As on date of this 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.
19. Our Company shall ensure that transactions in the Equity Shares by our Promoters and our Promoter Group between the date of this Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
20. The Lead Manager and its associates do not directly or indirectly hold any shares of the Company.
21. Our Company has fifteen (15) shareholders, as on the date of this Prospectus.
22. Our Company has not revalued its assets since incorporation.
23. Our Company has not made any public issue or rights issue since its incorporation.
24. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from the date of this Prospectus until the Equity Shares to be issued pursuant to the Issue have been listed.

25. Shareholding Pattern of the Company

The following is the shareholding pattern of the Company as on the date of this Prospectus:

Category code	Category of Shareholder	(Pre-Issue)			Number of shares held in dematerialized form	(Post-Issue)			Shares Pledged or otherwise Encumbered	
		No. of Shareholders	No. of Shares	%		No. of Shareholders	No. of Shares	%	No. of Shares	As a %
(A)	Shareholding of Promoter and Promoter Group									
1	Indian									
(a)	Individuals / Hindu Undivided Family	12	7,12,000	7.34		12	7,12,000	5.40	-	-
(b)	Bodies Corporate	3	89,88,000	92.66		3	89,88,000	68.23	-	-
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-	-	-	-	-	-
(e-i)	Trust	-	-	-	-	-	-	-	-	-
	Sub Total(A)(1)									
2	Foreign									
(a)	Individuals (Non-Residents Individuals / Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Any Other, Specify	-	-	-	-	-	-	-	-	-
	Sub Total(A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	15	97,00,000	100.00	-	15	97,00,000	73.63	-	-
(B)	Public shareholding									
1	Institutions									
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(c)	Insurance Companies	-	-	-	-	-	-	-	-	-
(d)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-
2	Non-institutions									
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(b)	Individuals	-	-	-	-	-	-	-	-	-
I	Individual shareholders	-	-	-	-	-	-	-	-	-

Category code	Category of Shareholder	(Pre-Issue)			Number of shares held in dematerialized form	(Post-Issue)			Shares Pledged or otherwise Encumbered	
		No. of Share holders	No. of Shares	%		No. of Share holders	No. of Shares	%	No. of Shares	As a %
	holding nominal share capital upto ₹ 1 lakh									
II	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
(c)	Any Other (specify)	-	-	-	-	-	-	-	-	-
(d)	PUBLIC ISSUE	-	-	-	-	[•]	34,74,000	26.37	-	-
	Sub-Total (B)(2)	-	-	-	-	[•]	34,74,000	26.37	-	-
	Total Public Shareholding (B) = (B)(1)+(B)(2)	-	-	-	-	[•]	34,74,000	26.37	-	-
	TOTAL (A)+(B)	15	97,00,000	100.00	-	[•]	1,31,74,000	100.00	-	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	15	97,00,000	100.00	-	[•]	1,31,74,000	100.00	-	-

SECTION IV – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The Objects of the Issue is to raise funds for:

- (a) Funding Long Term Working Capital Requirements; and
- (b) Funding expenditure for General Corporate Purposes.

Further, we expect to receive the benefits of listing on the SME Platform of BSE Ltd.

The Main Objects clause as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by the Company through the Present Issue. Further, we confirm that the activities that we have been conducting until now are in accordance with the objects clause of our Memorandum of Association.

Issue Proceeds & Net Proceeds

The details of the proceeds of the Issue are set forth in the table below:

(₹ in Lakhs)

Sr. No.	Particulars	Amount
(a)	Gross Proceeds from the Issue	1,563.30
(b)	Issue related Expenses	60.50
	Net Proceeds from the Issue	1,502.80

Requirement of Funds

The fund requirements described below are based on management estimates and our Company's current business plan and have not been appraised by any bank or financial institution.

We intend to utilise the Net Proceeds of the Issue ("Net Proceeds") of ₹ 1,502.80 lakhs for financing the objects as set forth below:

(₹ in Lakhs)

Sr. No.	Particulars	Amount
1.	Funding Long Term Working Capital Requirements	1,400.00
2.	Funding expenditure for General Corporate Purposes	102.80
	Total	1,502.80

Means of Finance

The Means of Finance for funding the above requirements as estimated by our company are as shown below:

(₹ in Lakhs)

Sr. No.	Particulars	Amount
1.	Net Proceeds from the Issue	1,502.80
	Total	1,502.80

The entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may, subject to compliance with applicable laws and regulations, also include rescheduling the proposed utilization of Issue Proceeds and increasing or decreasing expenditure for a particular object *vis-à-vis* the utilization of Issue Proceeds.

In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals. If the actual

utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding existing objects, if required and general corporate purposes.

In case of delays in raising funds from the Issue, our company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Unsecured / Bridge Loans and in such case the Funds raised shall be utilized towards repayment of Unsecured Loans or recouping of Internal Accruals. However, we confirm that except as mentioned below no unsecured / bridge financing has been availed as on date for the above mentioned objects, which is subject to being repaid from the Issue Proceeds.

For further details on the risks involved in our proposed fund utilization as well as executing our business strategies, please see the section titled “*Risk Factors*” beginning on page 9 of this Prospectus.

DETAILS OF THE FUND REQUIREMENTS

1. Funding Long Term Working Capital Requirements:

Working Capital Cycle:

We operate as a Fabric Processing Unit. We procure Grey Fabrics in large quantities from major suppliers and upon receiving orders from clients, we process the Fabrics by Bleaching, Dyeing, Printing and Finishing as per requirement and dispatch the finished product to the client.

The lead time for procuring fabric is high and also in order to ensure readily available customized product along with a low lead time for our clients, we need to stock different grades and dimensions of fabrics to meet varied requirements of our clients. Further, we are required to provide sufficient credit period to our clients resulting in high receivables and we enjoy minimum credit from our suppliers through against the same.

We have been steadily growing in size, capacity and technology and as result of which our turnover has increased from ₹ 13,878.12 lakhs in FY 2009-10 to ₹ 20,411.11 lakhs in FY 2013-14. Further, due to the slowing down of global economy since 2008 and the subsequent volatility of economic activity in India in the recent past, various industries to whom, we supply, have faced liquidity pressures and if the same were to continue we may have to provide additional credit to our clients in order to maintain our current growth rates. This too is one of the major reasons for increase in our working capital requirements.

Basis of estimation of working capital requirement and estimated working capital requirement

(₹ in Lakhs)

Sr. No.	Particulars	Holding Levels (days)	Fiscal 2014	Holding Levels (days)	Fiscal 2015
I.	Current Assets:				
1.	Inventories	25	1,057	35	1,850
2.	Sundry Debtors	95	5,413	120	7,046
3.	Loans and Advances		2,174		1,200
	Total Current Assets (A)		8,644		10,096
II.	Current Liabilities				
1.	Sundry Creditors	51	2,199	35	1,740
2.	Other Current Liabilities		798		1,003
	Total Current Liabilities (B)		2,997		2,743
III.	Total Working Capital Gap (A – B)		5,647		7,353
IV.	Funding Pattern:				
1.	Working Capital Facilities from Banks*		2,400		2,400
2.	Internal Accruals / Owned Funds		3,247		3,553
3.	Part of the Net proceeds to be utilised		NA		1,400

* Our company has been sanctioned working capital facilities consisting of an aggregate fund based limit of ₹ 2,400 lakhs. For further details regarding our working capital facilities kindly refer to the Chapter titled “Financial Indebtedness” beginning on page 154 of this Prospectus.

Hence, our Company proposes to utilise ₹ 1,400 lakhs of the Net Proceeds towards working capital requirements for meeting our future business requirements.

Justification for “Holding Period” levels

Inventories	The Company expects its inventory portfolio to be greater with inclusion of different types of fabrics required for processing. The Company expects that it will have to keep the stock of various fabrics in line with the requirement of its clients. The Company plans to hold optimum inventory for regular products and keep inventory for products with specific demand. Hence the inventory holding period for FY2015 has been estimated to be 35 days as compared to 25 days in FY2014.
Debtors	Depending upon customer to customer, we currently provide credit upto 90-100 days period. Going further, we propose to rapidly expand our customer base and increase our geographical reach to other parts of India by increasing Regional and localised marketing presence. We plan to increase our customer base and provide better credit terms to our customers. The receivables period for FY 2015 is estimated to be 120 days.
Creditors	In year 2014 the average credit period was 51 days (including fabrics and colours & chemicals). The Company expects that with increasing competition we might not retain the favourable terms of credit that it currently enjoys. Thus, the estimated average credit period for year 2014-15 is considered at 35 days.

2. Funding expenditure for General Corporate Expenses

Our Company, in accordance with the policies of our Board, will have flexibility in applying the remaining Issue Proceeds aggregating to ₹ 102.80 lakhs, for general corporate purposes, including inter-alia (i) additional expenses/contingencies on the expansion project, if any; (ii) expenditure on renovation and repairs of facility; (iii) acquiring fixed assets including furniture and fixtures, and vehicles; (iv) meeting any expense of our Company incurred in the ordinary course of business, including salaries and wages, rent, administration expenses, insurance related expenses, repairs and maintenance and the payment of taxes and duties; (v) funding inorganic or other growth opportunity; and (vi) any other purpose as permissible and as approved by our Board or a duly appointed committee from time to time.

The quantum of utilization of funds towards each of the above purposes will be determined by the Board based on the business requirements of our Company, from time to time. We further confirm that the amount being spent under “General Corporate Purposes” does not exceed 25% of the total issue size.

ISSUE RELATED EXPENSES

The total estimated Issue Expenses are ₹ 60.50 lakhs, which is 3.87% of the Issue Size. The details of the Issue Expenses are tabulated below:

Sr. No.	Particulars	Amount (₹ in lakhs)
1	Issue Management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	47.50
2	Printing & Stationery, Distribution, Postage, etc.	2.50
3	Advertisement and Marketing Expenses	3.00
4	Stock Exchange Fees, Regulatory and other Expenses	7.50
Total		60.50

Commission Payable to Non Syndicate Registered Brokers

Subject to the cap as mentioned below, the commission payable to the Non Syndicate Registered Brokers shall be as follows:

- Size of the Bid cum Application Form Commission Payable up to ₹ 200,000: ₹ 20 per Bid cum Application Form which is considered eligible for Allotment in the Issue.

- Greater than ₹ 200,000: ₹ 30 per Bid cum Application Form which is considered eligible for Allotment in the Issue.

The total Non Syndicate Registered Broker Commission to be paid to the Non Syndicate Registered Brokers for the Bid cum Application Forms procured by them which are considered eligible for Allotment in the Issue ("Eligible Bid cum Application Forms") calculated as per the table above, shall be capped at 0.25% and 0.15% of the product of the number of Equity Shares Allotted to Retail Individual Investors and Non-Institutional Investors, respectively, and the Issue Price in relation to the Eligible Bid cum Application Forms procured by them (the "Maximum Brokerage"). In case the total Non Syndicate Registered Broker Commission payable to the Non Syndicate Registered Brokers exceeds the Maximum Brokerage, then the commission paid to the Non Syndicate Registered Brokers per Eligible Bid cum Application Form as per the table above would be proportionately adjusted such that the total Non Syndicate Registered Broker Commission payable to them does not exceed the Maximum Brokerage. The terminal from which the Bid has been uploaded will be taken into account in order to determine the commission payable to the relevant Non Syndicate Registered Broker. The Non Syndicate Registered Broker Commission payable to Non Syndicate Registered Brokers shall be inclusive of all taxes.

Year wise Deployment of Funds / Schedule of Implementation

The entire Issue Proceeds are to be deployed in the F. Y. 2014-15.

Appraisal

The cost estimates have been estimated on a best effort basis by the management and have not been appraised by any independent agency.

Monitoring of Utilization of Funds

As the net proceeds of the Issue will be less than ₹ 50,000 lakhs, under the SEBI Regulations, it is not mandatory for us to appoint a monitoring agency.

The management of our Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 52 of the SME Listing Agreement, our Company shall on half-yearly basis disclose to the Audit Committee the Applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

Interim Use of Funds

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds of the Issue for the purposes described above, we intend to temporarily invest the funds from the Issue in short term readily realizable investments and interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, etc. Our Company confirms that pending utilization of the Issue Proceeds; it shall not use the funds for any investments in the equity markets. No part of the Issue proceeds will be paid to our Promoters, Directors, key management personnel or Promoter Group Company/entity.

BASIC TERMS OF ISSUE

Terms of the Issue

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

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

Authority for the Issue:

The present issue has been authorized pursuant to a resolution of our Board dated April 04, 2014 and by Special Resolution passed under Section 62(1C) of the Companies Act, 2013 at an Extra-Ordinary General Meeting of our shareholders held with shorter notice on April 08, 2014.

Other Details

Face Value	The Equity Shares having a face value of ₹ 10/- each are being offered in terms of this Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.
Issue Price	The Equity Shares pursuant to this Prospectus are being offered at a price of ₹ 45/- each.
Market Lot and Trading Lot	The Market lot and Trading lot for the Equity Share is 3,000 (Three Thousand) and the multiple of 3,000; subject to a minimum allotment of 3,000 Equity Shares to the successful applicants.
Terms of Payment	<p>Applications should be for a minimum of 3,000 equity shares and 3,000 equity shares thereafter. The entire price of the equity shares of ₹ 45 per share (₹ 10/- face value + ₹ 35 premium) is payable on application.</p> <p>In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.</p>
Ranking of the Equity Shares	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank <i>pari-passu</i> in all respects including dividends with the existing Equity Shares of the Company. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

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 devolvment 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 40 of the Companies Act, 2013.

BASIS FOR ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the Lead Manager on the basis of the key business strengths. The face value of the Equity Shares is ₹ 10 and Issue Price is ₹ 45 per Equity Shares and is 4.5 times of the face value. Investors should read the following basis with the sections titled “Risk Factors” and “Financial Information” and the chapter titled “Our Business” beginning on pages 9, 125 and 73 respectively, of this Prospectus to get a more informed view before making any investment decisions. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

Qualitative Factors

Some of the qualitative factors that help differentiate us from our competitors and enable us to compete successfully in our industry are:

- Highly experienced Directors backed by professional management team
- Favourable Government Policies for textile sector.
- Long standing relationship with clients & suppliers
- Technologically competent Processing Unit with normal and wider width capabilities
- Strategic Location of the Unit. Well connected to Highway and Port
- Captive Power Plant for uninterrupted Power & Steam for Processing Unit

For further details regarding the above mentioned factors, which form the basis for computing the Issue Price, please see “Our Business – Our Strengths” on page 73 of this Prospectus.

Quantitative Factors

Information presented in this chapter is derived from our Restated Financial Statements prepared in accordance with Indian GAAP.

1) Earnings per Share

Year ended March 31	Basic & Diluted EPS (in ₹)*	Weight
2014	3.15	3
2013	2.25	2
2012	0.72	1
Weighted Average	2.44	

* The Face Value of the Equity Shares for the F.Y. 2012 and 2013 was ₹ 100/- per share which was sub-divided into Equity Shares of ₹ 10/- each vide EGM dated February 25, 2014. However, for comparison purposes, all years have been considered as face value of ₹ 10/- per Equity Share.

Notes:

- Basic EPS has been calculated as per the following formula:
(Net profit/ (loss) as restated, attributable to Equity Shareholders)/ (Weighted average number of Equity Shares outstanding during the year)
- Diluted EPS has been calculated as per the following formula:
(Net profit/ (loss) as restated, attributable to Equity Shareholders)/ (Diluted weighted average number of Equity Shares outstanding during the year)
- Earnings per share calculations are in accordance with Accounting Standard 20 “Earnings per Share” prescribed by the Companies (Accounting Standard) Rules, 2006.

2) Price Earnings Ratio (P/E) in relation to the Issue price of ₹ 45 per share of ₹ 10 each

Particulars	P/E Ratios
P/E ratio based on Basic EPS as at March 31, 2014	14.31
P/E ratio based on Weighted Average EPS as at March 31, 2014	18.44
Industry P/E	
Highest – Risa International Limited	983.40

Lowest – Alok Industries Limited	3.40
Industry Average	11.20

Source: Capital Market Volume XXIX/10, Jun 07-20, 2014; Segment: Textiles – Processing

3) Return on Net worth (RoNW)

Year ended March 31	RoNW (%)	Weight
2014	6.58	3
2013	5.30	2
2012	1.79	1
Weighted Average	5.35	

Note: Return on Net worth has been calculated as per the following formula:

Net profit/loss after tax, as restated / Net worth excluding revaluation reserve

Minimum Return on Net Worth (RoNW) after Issue needed to maintain the Pre-Issue Basic EPS for the FY 2013-14 (based on Restated Financials) at the Issue Price of ₹ 45 is 6.96%.

4) Net Asset Value (NAV)

Financial Year	NAV (in ₹)
NAV as at March 31, 2014*	45.38
NAV after Issue	45.28
Issue Price	45.00

* Source: Auditors Report

Note: Net Asset Value has been calculated as per the following formula:

Net worth excluding revaluation reserve / Number of Equity shares outstanding at the end of the year.

5) Comparison with Industry peers

Particulars	Face Value (₹)	EPS (₹)	P/E Ratio	RONW (%)	NAV (₹)
Alok Industries Limited*	10.00	9.43	1.56	18.08	52.15
Morarjee Textiles Limited@	7.00	7.16	5.74	28.81	26.95

Source: Company Annual Reports

VISHAL FABRICS LIMITED	10.00	3.15	14.31 [#]	6.58	45.38
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* As per the Standalone Financials in the Annual Report for the 18 months ended September, 2013

@ As per the Standalone Financials for the 12 months ended March, 2014 disclosed on www.bseindia.com

[#] Issue price as disclosed in this Prospectus / EPS

The Company in consultation with the Lead Manager believes that the issue price of ₹ 45 per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the Risk Factors and Financials of the company including important profitability and return ratios, as set out in the Financial Statements included in this Prospectus to have more informed view about the investment proposition. The Face Value of the Equity Shares is ₹ 10 per share and the Issue Price is 4.5 times of the face value i.e. ₹ 45 per share.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
Vishal Fabrics Limited
(Previously known as Vishal Fabrics Private Limited)
Ahmedabad

Dear Sirs,

Subject: Statement of Possible Tax Benefits

We hereby certify that the enclosed annexure states the possible tax benefits available to Vishal Fabrics Limited (Previously known as Vishal Fabrics Private Limited) (the “Company”) and to the Equity Shareholders of the Company under the provisions of the Income-tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its Equity Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Equity Shareholders to derive tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications arising out of their participation in the proposed Initial Public Offer of Equity Shares of the Company particularly in view of ever changing tax laws in India.

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

- a) The Company or its Equity Shareholders will continue to obtain these benefits in future; or
- b) The conditions prescribed for availing the benefits have been / would be met.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the provisions of the Income- Tax Act, 1961 and Wealth Tax Act, 1957 as of date.

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

For **Anil S. Shah & Co.**
Chartered Accountants

Krunal A. Shah
Firm Registration No. 100474W
Membership No. 115801

Place: Ahmedabad
Date: June 30, 2014

STATEMENT OF TAX BENEFITS

The information provided below sets out the possible tax benefits available to the Company and the Equity Shareholders 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, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

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.

SPECIAL TAX BENEFITS TO THE COMPANY

Nil

GENERAL TAX BENEFITS TO THE COMPANY (Under the Income-Tax Act)

1. In accordance with section 10(34), dividend income (referred to in section 115-O) will be exempt from tax.
2. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
3. In accordance with section 32(1)(ii), the company can claim depreciation on specified tangible (being Buildings, Plant & Machinery, Computer and Vehicles) and intangible assets (being Knowhow, Copyrights, Patents, Trademarks, Licenses, Franchises or any other business or commercial rights of similar nature acquired on or after 1st April, 1998) owned by it and used for the purpose of its business. In case of any new plant and machinery (other than ships and aircraft) that will be acquired and installed by the company engaged in the business of manufacture or production of any article or thing, the company will be entitled to a further sum equal to twenty per cent of the actual cost of such machinery or plant subject to conditions specified in section 32 of the Act.
4. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess loss after set-off can be carried forward for set-off with the business income of the next eight Assessment Years.
5. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax.
6. Income received in respect of the units of mutual fund specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the company, under section 10(35) of the I. T. Act.
7. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:
 - 20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or
 - 10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.
8. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

9. In accordance with section 35D, the company is eligible for deduction in respect of specified preliminary expenditure incurred by the company in connection with extension of its undertaking or in connection with setting up a new unit for an amount equal to 1/5th of such expenses for each of the five successive previous years beginning with the previous year in which the extension of the undertaking is completed or the new unit commences production or operation, subject to conditions and limits specified in that section.
10. In accordance with section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to 1/5th of the amount so paid for that previous year, and the balance in four equal installments for each of the succeeding previous years subject to conditions specified in that section.
11. In accordance with section 35, the company is eligible for –
 - Deduction in respect of any expenditure (not being in the nature of capital expenditure) on scientific research related to the business subject to conditions specified in that section.
 - As per section 35(2AA) a deduction of 200% shall be allowed as a deduction of the sum paid by the company, to a National Laboratory or a University or an Indian Institute of Technology or a specified person as specified in this section with a specific direction that the sum shall be used for scientific research undertaken under a programme approved in this behalf by the specified authority subject to conditions specified in that section.
12. In accordance with section 80-IA, the company can claim, subject to fulfilment of certain conditions, deduction of an amount equal to hundred percent of the profits and gains derived from the business of, development of Infrastructure facilities including construction of roads, bridges, rail systems, highways, irrigation projects, ports etc, for Ten consecutive assessment years out of Twenty years beginning from the year in which the company develops such facility.
13. The amount of tax paid under section 115JB by the company for any assessment year beginning on or after April 01, 2006 will be available as credit for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of section 115JAA of the Act.

Section 115O

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

Tax Rates

- The tax rate is 30%
- The surcharge on Income Tax is 5% if the taxable income exceeds ₹1,00,00,000/-, Education Cess is 3%

SPECIAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY

Nil

GENERAL TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY

I. Under the Income-Tax Act

A. Resident

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) on or after April 01, 2003 will be exempt from tax.
2. Shares of the Company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.

3. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax.
4. As per the provision of section 71, if there is a loss under the head "Capital Gain", it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against any long term capital gain. But Long Term Capital Loss cannot be set-off against short term capital gain.
5. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of :
 - a. 20 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed after indexation of the cost. Or
 - b. 10 percent (plus applicable surcharge and "Education Cess") of the capital gains as computed without indexation.
6. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
7. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding ₹50 lakhs.

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

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

8. In accordance with section 54ED, capital gain arising on the transfer of a long-term capital asset being listed securities on which securities transaction tax is not payable, shall be exempt from tax provided the whole of the capital gain is invested within a period of six months in equity shares forming part of an eligible issue of capital.

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

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

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

9. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family.
 - Owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - purchases another residential house within a period of one year after the date of transfer of the shares; or

- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

B. Non-Residents

- a. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
- b. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.
- c. In accordance with section 48, capital gains arising out of transfer of capital asset being shares in the company, and such transaction is not chargeable to securities transaction tax, shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.
- d. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be at the rate of 20% (plus applicable surcharge and additional surcharge called as "Education Cess").
- e. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of (i) the amount of income-tax calculated on such short term capital gains at the rate of 15 percent (plus applicable surcharge and "Education Cess") and (ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.
- f. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the company on which securities transaction tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified asset notified for the purpose of investment is Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding ₹50 lakhs.

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

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

- g. In accordance with section 54ED, capital gain arising on the transfer of a long-term capital asset being listed securities on which securities transaction tax is not payable, shall be exempt from tax provided the whole of the capital gain is invested within a period of six months in equity shares forming part of an eligible issue of capital.

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

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

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

- h. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family.
- Owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - purchases another residential house within a period of one year after the date of transfer of the shares; or
 - constructs another residential house within a period of three years after the date of transfer of the shares; and
 - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

C. Non-Resident Indians

Further, a Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, according to which:

1. In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset of the company shall be taxable at the rate of 20% (plus applicable surcharge and "Education Cess"). In case of income by way of long term capital gains in respect of a specified asset, shall be chargeable at 10% plus applicable surcharge and "Education Cess")
2. In accordance with section 115F, subject to the conditions and to the extent specified therein, long -term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer in any specified asset.
3. In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income Tax Act.
4. In accordance with section 115-I, where a Non-Resident India opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the Company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.

5. As per the provisions of section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they were beneficial than the domestic law wherever India has entered into Double Taxation Avoidance\ Agreement (DTAA) with the relevant country.

D. Foreign institutional investors (FIIs)

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) on or after April 01, 2003 will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).
2. In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharges and “Education Cess”) on long-term capital gains in respect of securities (other than units referred to in section 115AB) listed in a recognised stock exchange in India in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), and any rules made there under
3. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

E. Mutual Funds

In accordance with section 10(23D), any income of:

- i. a Mutual fund registered under the Securities and Exchange Board of India Act 1992 or regulations made there under;
- ii. such other Mutual Fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf, will be exempt from income-tax.

F. Under the Wealth Tax and Gift Tax Acts

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

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

SECTION V: ABOUT THE COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, the information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company; the Lead Manager and their respective legal or financial advisors, and no representations is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness, underlying assumptions and reliability cannot be assured. Accordingly, investment decisions should not be based on such information.

OVERVIEW OF THE GLOBAL AND INDIAN ECONOMY

Global Scenario

During the course of 2013-14, monetary policy had to face an extraordinary spell of financial turbulence arising from the US Fed contemplating tapering its large scale asset purchase programme. The news heralded the turning of the global interest rate cycle with volatile movements for cross-border capital flows and asset prices. Like most emerging market and developing economies (EMDEs), India faced capital outflows and intense exchange rate pressures. Monetary policy had to depart from its charted course of calibrated monetary easing that had started in April 2012 using the monetary policy space that was gradually becoming available. Past monetary tightening was dampening the pricing power of the corporates and the return to fiscal consolidation in H2 of 2012-13 was reducing the twin deficit risks. Though macroeconomic weaknesses were evident in the form of persistence in inflation, falling growth, weaker corporate balance sheet, deteriorating asset quality of the banks, fiscal imbalances and external sector vulnerabilities, the economy seemed to be mending. However, the prospect of tapering interrupted this.

The US Fed's announcement on December 18 of tapering of its large scale asset purchase programme had a limited impact on global financial markets in sharp contrast to the May indication. India, having rebuilt its buffers during Q3, withstood the announcement better than many of its peers. Going forward, the spacing of the Fed's tapering moves over the course of 2014 could influence market movements even though some of it seems to have been priced in.

Short-term interest rates were raised by hiking the Marginal Standing Facility (MSF) rate by 200 bps and siphoning off excess liquidity with a view to defending the rupee exchange rate. Several other measures were introduced, either to restrain the current account deficit (CAD) or to improve its financing.

Inflation has continued to be low in advanced economies (AEs) aided by high unemployment and large spare capacities. Among the emerging economies, monetary policy was tightened further by Indonesia, India, and Brazil, as they confronted high inflation and pressures on their exchange rates.

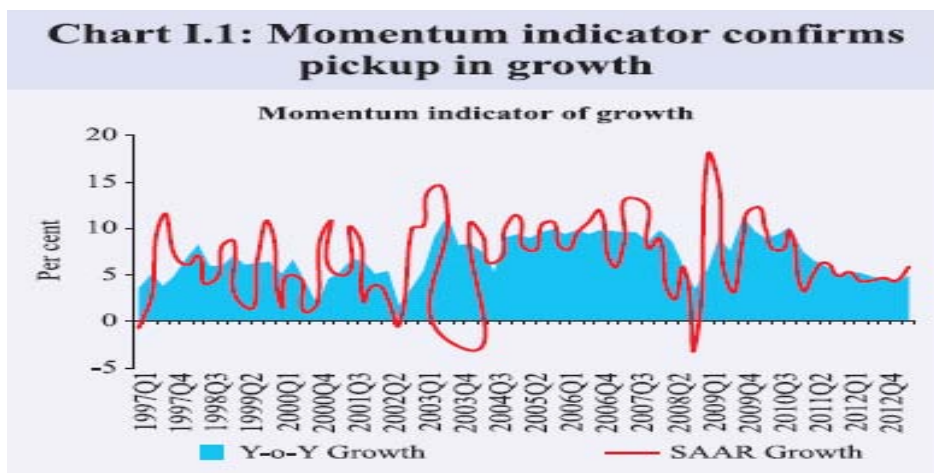
(Source: <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MDF2701145070AFA428.pdf>, Published on January 28, 2014)

INDIAN SCENARIO

Growth in 2nd half of 2013-14 may turn out to be marginally higher than 1st half, mainly due to a rebound in agriculture output and improved export performance. However, industrial growth continues to stagnate and leading indicators of the services sector exhibit a mixed picture.

Inflation declined significantly in December 2013, both in terms of the CPI and WPI, driven by falling food prices which had firmed up considerably during April-November. Despite the moderation, CPI inflation continued to remain high near 10 per cent with inflation excluding food and fuel components also remaining persistent at 8.0 per cent.

Growth in India's GDP picked up moderately in Q2 of 2013-14 reversing the direction of the previous quarter's movement (Table I.1)



Output in the manufacturing sector declined by 0.6 per cent during April-November 2013 as compared with a growth of 0.9 percent last year highlighting moderation in aggregate demand. Notably, 11 out of the 22 industries within the sector recorded a decline in output

During the course of 2013-14, the Reserve Bank eased as well as tightened liquidity and monetary conditions in line with the rapidly changing macroeconomic and financial conditions. The width of the policy rate corridor has reverted to 100 bps on either side of the central policy rate, while the policy rate is 25 bps higher than at the start of the year.

In order to manage the evolving liquidity situation, the Reserve Bank conducted two OMO purchase auctions during Q3 of 2013-14, injecting liquidity to the tune of ₹161 billion. Liquidity support was also provided through the variable rate 7-day and 14-day term repo facility up to a limit of 0.5 per cent of the banking system's NDTL.

The Reserve Bank of India, in consultation with the Government of India (GoI) launched Inflation Indexed Bonds (IIBs) for institutional investors, with inflation protection to both principal and coupon, on June 04, 2013. IIBs have been issued seven times during 2013-14 so far, with an outstanding amount of 65 billion. As confidence returned to the markets, FII investments also witnessed a revival Earlier, FIIs were net sellers in the debt segment. In December 2013, FIIs turned net investors in the debt segment as well. Mutual funds, however, continued to remain net sellers in the equity segment, but net buyers in the debt segment. Various external agencies have reduced India's growth projections further. However, the World Bank and the IMF revised it moderately upwards (Table VII.3). The IMF projects India's 2014-15 growth at 5.4 percent, while the World Bank places its forecast at 6.2 per cent.

(Source: <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/MDF2701145070AFA428.pdf>, Published on January 28, 2014)

INDIAN TEXTILE INDUSTRY

Indian Textile Industry has an overwhelming presence in the economic life of the country. 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. Also, this industry is a source of direct employment for over 35 million people, which makes it the second largest provider of employment after agriculture.

(Source: Ministry of Textiles, Government of India, Annual Report 2012-13)

The fundamental strength of this industry flows from its strong production base of wide range of fibres / yarns from natural fibres like cotton, jute, silk and wool to synthetic /man-made fibres like polyester, viscose, nylon and acrylic. The multi-fibre strong base can be tracked by highlighting the following important positions reckoned by this industry across the globe:

- Cotton – India is the second largest cotton and cellulosic fibres producing country in the world.

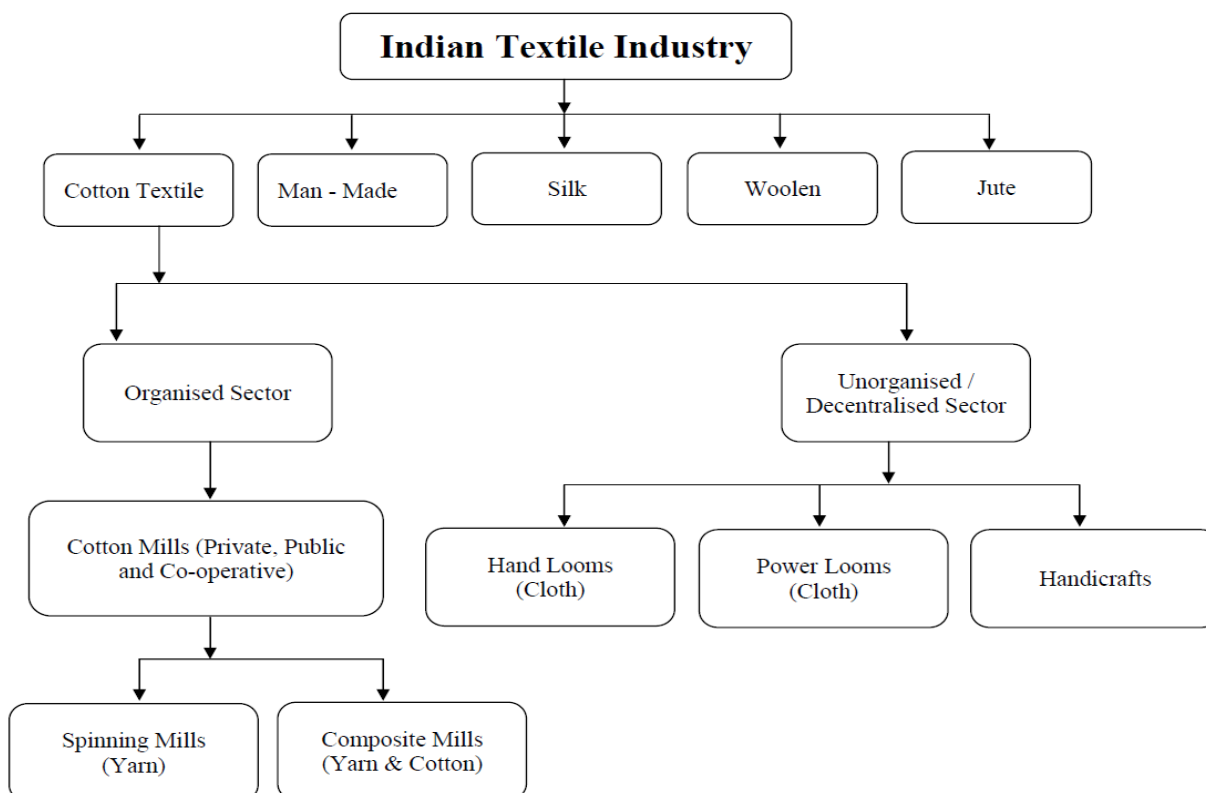
- Silk – India is the second largest producer of silk and contributes about 18% to the total world raw silk production.
 - Wool –India has 3rd largest sheep population in the world, having 6.15 crores sheep, producing 45 million kg of raw wool, and accounting for 3.1% of total world wool production. India ranks 6th amongst clean wool producer countries and 9th amongst greasy wool producers.
 - Man-Made Fibres- India is the fourth largest in synthetic fibres/yarns globally.
 - Jute – India is the largest producer and second largest exporter of the jute goods.
- (Source: Confederation of Indian Textile Industry, <http://www.citiindia.com/textile-industry/indian-textiles-overview.html>)

Milestones over the last decade

- Exports of textiles and clothing products from India have increased steadily over the last few years, particularly after 2004 when textiles exports quota stood discontinued.
- India's Textiles & Clothing (T&C) exports registered a robust growth of 25% in 2005-06, recording a growth of US\$ 3.5 billion over 2004-05 in value terms thereby reaching a level of US\$ 17.52 billion and the growth continued in 2006-07 with T&C exports of US\$19.15 billion recording an increase of 9.28% over the previous year and reached USD 22.15 billion in 2007-08 denoting an increase of 15.7% but declined by over 5% in 2008-09. Exports of Textiles & Clothing grew from USD 21.22 billion in 2008-09 to USD 22.41 billion in 2009-10 and had touched USD 27.47 billion in 2010-11. In the financial year 2011-12(P), exports of textiles and clothing, has grown by 20.05% over the financial year 2010-11 to touch USD 33.31 billion. Textiles exports in the period 2012-13 are witnessing a (-) 4.82 percent growth in dollar terms although there is 8.10 percent growth in rupee terms.
- The details of India's textiles exports, principal commodity item-wise during the last three years and current financial year for the period 2012-13 is at Annex-I.
- During the year 2012-13, Readymade Garments account for almost 39% of the total textiles exports. Apparel and cotton textiles products together contribute nearly 74% of the total textiles exports.
- India's textiles products, including handlooms and handicrafts, are exported to more than a hundred countries. However, the USA and the EU, account for about two-third of India's textiles exports. The other major export destinations are China, U.A.E., Sri Lanka, Saudi Arabia, Republic of Korea, Bangladesh, Turkey, Pakistan, Brazil, Hong-Kong, Canada and Egypt etc.

Industry Structure and Size

The major sub segments of the textile industry are cotton, blended, silk, wool and manmade. The textile industry in India is highly fragmented. It is vertically integrated across the whole value chain and interconnected with various operations. The organised sector consists of spinning mills and composite mills. The unorganised sector consists of handlooms, power looms and handicrafts.



The major products in which Indian textile industry deals is readymade garments, suiting and shirting, shirts and trousers, fabrics, bed linen and embroidery work.

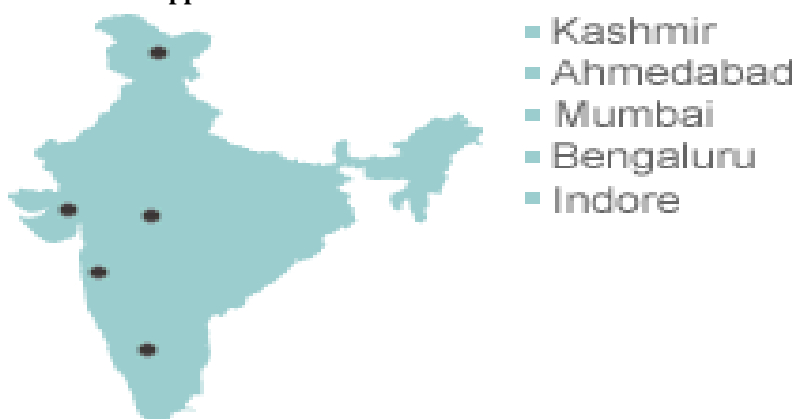
During the next decade when the USD \$662 bn global textile and apparel trade is expected to clock a CAGR of 5%, India's total textile and apparel industry size (Domestic + Exports) was estimated to be ` 4,18,000 crores (USD 89 bn) in 2011 and is projected to grow at a CAGR of 9.5% to reach ` 10,50,000 crores (USD 223 bn) by 2021.
(Source: Technopak's Textile & Apparel Compendium, 2012)

The textile industry uses two general categories of fiber. Natural fibers and manmade fibers.

Natural fibers may be organic or inorganic in nature. Organic natural fibers may be of two types vegetable fibers such as cotton, flax, hemp, jute, sisal, broom and animal fibers such as wool, silk, etc. Natural inorganic fibers are mineral fibers such as basalt and asbestos.

Man-made fibers are broadly classified as organic regenerated natural fibers like regenerated cellulose, viscose, cupro, cellulose acetate, cellulose triacetate, organic synthetic polymers and inorganic fibers like glass, carbon.

Textiles and Apparel Zones in India:



Export – Import Scenario

The Indian Textiles and Clothing Industry is one of the largest contributors to the Country's exports. The textile products continue to hold an important role in the Indian exports. Exports of textiles and clothing products from India have increased steadily over the last few years, particularly after 2004 when textiles exports quota were discontinued.

India's Textiles & Apparel exports registered robust growth in the last 8 years and has grown with a CAGR of 11.42%. The Textile & Apparel exports in 2004-05 were recorded at USD 14.02 billion and the same for the financial year 2011-12 (P) touched USD 33.31 billion.

(Source: Ministry of Textiles, Annual Report 2012-13)

Trends in textile Production:

Category	Sub Category	January 2014	Rates of Growth (%)
			FY 2013 -14 (April – January 2014)
Fibre	Man – made fibre	0	4
Yarn	Filament Yarn	-5	-7
	Cotton Yarn	7	11
	Blended and 100% non-cotton yarn	6	10
Cloth Production	Mill Sector	4	6
	Handloom	1	5
	Powerloom	0	-1
	Hoseiry	7	13
Total Cloth Production		2	3

(Source: Ministry of Textiles, 2014)

During FY 2013 – 14 (April – January 2014) filament yarn and cloth production by powerloom sector has shown decrease in production by 7%, and 1% respectively. All the other sub-sectors have shown positive growth ranging from 4% to 13%. Total cloth production has increased by 3% during the period.

The most significant change in the Indian textile industry has been the advent of man-made fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. MMF production increased by 6 per cent during December 2013. The production increased by about 4 per cent during the year April-December 2013.

Cotton:

Approximately 65% of Indian's cotton is produced on rain fed areas and 35% on irrigated lands. The country has once again retained the position as the second largest cotton producing country in the world, after China. The cotton yield during the year 2012-13 is estimated at 489kgs per hectare as against 493kgs per hectare in previous year.

Demand and Supply Situation:

Cotton Season 2012-13 has seen an improvement in domestic consumption at an estimated 256 lakh bales as against 253.4 lakh bales in 2011-12.

Export & Import of cotton:

The Government of India has decided to allow the exports of cotton under OGL subject to prescribed registration procedures from 1st October, 2012 for the cotton season 2012-13. There was no export demand in the initial months of the Cotton Season 2012-13 for Indian cotton, due to global over stocking by countries like China. As a result, cotton exports from the country during the year 2012-13, has been projected to be 80.00 lakh bales as against 128.81 lakh bales in previous year. The Imports during the cotton season 2012-13 are estimated at 20 lakh bales. The imports mainly comprise of Extra Long Staple Cotton. The details of exports and imports of cotton during last five years are given below:

Cotton Exports

Year	Qty. (in lakh bales of 170 kgs each)
2007-08	88.50

Cotton Imports

Year	Qty. (in lakh bales of 170 kgs each)
2007-08	6.38

2008-09	35.00
2009-10	83.00
2010-11	76.50
2011-12	128.81

2008-09	10.00
2009-10	6.00
2010-11	7.00
2011-12	12.00

Production of Man Made Fibre, Filament Yarn, Spurn Yarn and Cloth

(Figures in Millions)

Period	Man-made fibre	Man-made filament yarn	Cotton yarn	Blended & 100% Non-cotton yarn	Total Spun Yarn	Cloth					
						Mill sector	Decentralized sector				Grand Total (Exc. Khadi, Wool & Silk)
							Hand loom	Power loom	Hosiery	Total	
	Kg	Kg	Kg	Kg	Kg	Sq. mtr.	Sq. mtr.	Sq. mtr.	Sq. mtr.	Sq. mtr.	Sq. mtr.
2009-10	1268	1523	3079	1114	4193	2016	6806	36997	13702	57505	59521
2010-11	1285	1550	3490	1223	4713	2205	6907	38015	14634	59556	61761
2011-12	1234	1463	3126	1246	4372	2313	6901	37445	12946	57292	59605
2012-13	1263	1371	3583	1285	4868	2418	6952	38038	14541	59531	61949
2013-14 (P)	1316	1309	3922	1372	5294	2560	7116	37712	15931	60759	63319
% Variation	4.2	-4.5	9.5	6.8	8.8	5.9	2.4	-0.9	9.6	2.1	2.2
Mar-2014 (P)	110	108	325	108	433	215	557	3091	1272	4920	5135
Mar. 2013	105	98	321	114	435	205	595	2912	1326	4833	5038
% Variation	4.8	10.2	1.2	-4.8	-0.3	4.9	-6.4	6.1	-4.1	1.8	1.9

(P) – Provisional

Man-made fibre production recorded an increase of about 5% and filament yarn production recorded a increase of about 10% during Mar. 2014. Man-made fibre production recorded a increase of 4% and filament yarn a decrease of about 5% during the year 2013-14.

Cotton yarn production increased by 1% during Mar. 2014 and by 10% during the year 2013-14. Blended and 100% non-cotton yarn production decreased by 5% during Mar. 2014 and increased by 7% during the year 2013-14.

Cloth production by mill sector increased by 5% during Mar. 2014 and increased by 6% during the year 2013-14.

Cloth production by powerloom sector increased by 6% and handloom, hosiery sectors production decreased by 6% and 4% respectively during Mar. 2014. During the year 2013-14, production by handloom, hosiery sectors increased by 2% and 10%, powerloom sectors decreased by 1%,. The total cloth production increased by 2% during Mar. 2014 and increased by 2% during the year 2013-14

GOVERNMENT INITIATIVES

The Government of India has promoted a number of export promotion policies for the Textile sector in the Union Budget 2011-12 and the Foreign Trade Policy 2009-14. It has also allowed 100 per cent FDI in textiles under the automatic route.

Due to policy measures initiated by the Government in the recent past, the Indian textiles industry is in a stronger position than it was in the last six decades. The industry which was growing at 3-4 percent during the last six decades has now accelerated to an annual growth rate of 8-9 per cent in value terms.

The Government has also allowed 100 per cent FDI in the sector through the automatic route. In the 12th Five Year Plan (2012–17), the government plans to spend US\$ 9.1 billion on textiles as against US\$ 4 billion in the 11th Plan.

Draft Bill on Cotton Distribution (Collection of Statistics) has been formulated. Tracking of every bale would be possible once this Bill is in place.

(Source: *Ministry of Textiles, Annual Report 2012-2013*)

Gujarat New Textile Policy in 2012

Government of Gujarat announced a new Textile Policy in 2012 - ‘Navi Gujarat Vastraniti’ which will help cotton farmers to get better price realizations and also infuse new life in to the textile industry of the state.

The new Textile Policy is expected to attract investment of over ₹ 20,000 crore, creating new employment opportunities for over 2.5 million people, 50 percent of them being rural women, during the next five years period.

The objective of the policy is to have an integrated approach to strengthen the value chain - “Farm to Fibre to Fabric to Fashion to Foreign” (5 Fs), which will enhance sustainable growth of farmers and industry.

(Source: <http://ic.gujarat.gov.in/>)

Textile Upgradation Fund Scheme (TUFS)

The Technology Upgradation Fund Scheme (TUFS), which is the “flagship” Scheme of the Ministry of Textiles, is the scheme for modernisation and technology upgradation in the textile sector. The Technology Upgradation Fund Scheme (TUFS) was launched on 01.04.1999 for 5 years. It was subsequently extended up to 31.3.2007. The Scheme has been restructured w.e.f. 28.4.2011 and approved upto 31.03.2012.

The total budget outlay for continuation of the scheme will be about ₹11,900 crore, out of which ₹ 2,400 crore have been allocated for the financial year 2013-14.

The Finance Minister in his Budget Speech of February, 2013, had announced continuation of TUFS in the 12th Plan with a major focus on modernisation of the powerloom sector. Higher subsidies for weaving / powerloom sector have accordingly been planned in the continued TUFS.

(Source: texmin.nic.in/policy/policy_scheme.htm)

OUR BUSINESS

The following information is qualified in its entirety by, and should be read together with the Financial Information and Risk Factors on pages 125 & 9 respectively, of this Prospectus. In this section, any reference to “we”, “us” or “our” refers to Vishal Fabrics Limited.

Our company was incorporated as “Vishal Fabrics Pvt. Ltd” on October 22, 1985 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Gujarat. For further details regarding the change in the name of our company, please refer to the chapter titled “*History and Certain Corporate Matters*” beginning on page 94 of this Prospectus.

Our Company is engaged in the business of dyeing, printing and processing of fabrics of its own and also on job work basis. Our Company procures mainly Grey Fabric and dyes, prints and finishes the same as per the client’s requirements. The processing unit of our Company is based in Narol, Ahmedabad, Gujarat. The plant has the capacity to print, dye and process wide range of fabrics i.e. cotton, polyester, viscose and man-made & blended fabrics suitable for men’s wear, women’s wear, home furnishing and many other applications.

Our Company is promoted by Chiripal Industries Limited and is part of the Chiripal Group, Ahmedabad. The persons in control of the Group have more than 20 years of experience in the Fabrics business and have incorporated several other companies manufacturing or trading in fabrics, yarn, denim and readymade garments.

Our Company was initially engaged in trading of fabrics. Though the Company was incorporated in 1985, our Company’s activities were almost dormant till the year 1999. During the year 1999-2000, we took over the Units of Associate concerns, Bhushan Petrofils Private Limited and Prakash Calender Private Limited; both located at Narol, Ahmedabad, on lease basis and started the processing of fabrics. Over the years, with a view to expand the installed capacity and broad base the market of its products, we put up our own Plant & Machinery. In the year 2003, we set up a captive power plant for production of 2.3 MW power to improve productivity in our processing plant.

In the year 2005, we increased our processing capacity by installing the Wider Width Unit, which enabled us to process fabrics of upto 120 inch width. In the year 2011, we further enhanced our processing capacity by setting up a Continuous Bleaching Range (CBR) unit. The CBR unit processes upto 80,000 meters of fabric per day as compared to 2,000 – 8,000 meters fabric in other machines.

In the past three (3) years our revenues have increased from ₹ 14,656.89 lakhs in F. Y. 2011-12 to ₹ 18,335.01 lakhs in F. Y. 2012-2013 and further to ₹ 20,411.11 lakhs in F. Y. 2013-14, showing an increase of 25.09% and 11.3.2% respectively. Our Net Profit before tax for the above mentioned periods are ₹ 66.29 lakhs, ₹ 206.78 lakhs and ₹ 289.47 lakhs.

OUR STRENGTHS

Management Expertise

Our Promoter Company is engaged in the Textiles business and is the flagship company of our Group. The Promoters of our Promoter, some of whom who also form part of Board of Directors of our Company, have a proven background and rich experience of more than 30 years in the Textile industry. Also, our Company is managed by a team of experienced personnel. The team comprises of personnel having operational and business development experience. We believe that our management team’s experience and their understanding of the textile industry will enable us to continue to take advantage of both current and future market opportunities. It is also expected to help us in addressing and mitigating various risks inherent in our business, including significant competition, reliance on independent contractors, the global economic crisis and fluctuations in fuel prices.

Established Marketing Setup

Our Company was incorporated in the year 1985 and we are engaged in the processing of textiles from the year 1999. Over the years we have established a strong customer base and an unyielding marketing setup. Further, we have many companies forming part of Chiripal Group which are engaged in similar businesses. Our group has sufficient marketing expertise and wide marketing network, which is and would be channelled for our business and future expansion, if any.

We have dedicated divisions for marketing different types of products and for different geographical locations. The fabric sales division, home furnishing division and export division are responsible for marketing of our Own Fabric

Production. Whereas domestic dress material division, bottom dying division and export garment division cater to the marketing of Job-Work Fabric Production. All the divisions have well trained and adequate teams to handle daily activities and are supervised by Managers and the Vice – President (Marketing) regularly.

Cordial Relationship between management and labour

We enjoy cordial relations with our employees and there has been no union of employees. Further, there have been no strikes, lock-out or any labour protest in our organization since inception.

Captive Power plant

Power is an important factor in every manufacturing facility. Considering the power requirements of our manufacturing facilities, we have installed a captive power plant of 2.3 MW (from Coal / Lignite). Captive power plant will give us the stable and uninterrupted power supply which is very crucial in manufacturing of our products. Also, it gives us steady and quality supply of steam for our various fabric processes. Uninterrupted power supply helps to avoid any delays in manufacturing process thereby ensuring complete utilization of our capacities.

Strong Technological Capabilities

We use latest technology and machinery procured from major suppliers/distributors in India and Abroad. We have latest machinery like CBR which has almost three times the processing capacity to that of traditional machines, the Rotary Screen Printing Machine, Continuous and Loop Agers, Hydro Extractors, Sanforizing Machine, Liza Brushing Machine, Sueding Machine, and a host of machines for Drying and Finishing. Even the folding and packing processes are carried on latest machines which guarantee quality check and precision. These modern machineries also help us in maintaining high quality standards. The latest technology enables radical design and innovation in creating new looks and new trends. Technology has helped us in rolling out new combination of dyes and prints.

Strategic Location of Manufacturing Unit / Locational Advantage

Our Company has leased about 16,000 Sq. Mtrs or 3.95 Acres of land and own about 10, 570 Sq. Mtrs or 2.61 Acres of owned land in Ranipur, Narol Road, Ahmedabad where we have set up our registered office and processing unit, which is strategically located and is well connected by rail, roads and air with the rest of the country.

- The Unit is located within the limits of Ahmedabad Municipal Corporation and is 16 km from Ahmedabad International Airport.
- The plant of the Company is located on the main National Highway No. 8 connecting Northern & Western India.
- It is also well connected with the two large & important ports of India Viz. Kandla & JNPT (Navi Mumbai)
- The major raw material i.e. Grey Fabric and Colours & Chemicals are easily available from the manufacturers located in Gujarat. Thus, procurement of these raw materials is less time consuming and comparatively cheaper due to savings on freight.
- Ahmedabad has been the hub of Textile Industry in Gujarat. Skilled and semi skilled workers are easily available in Gujarat in view of the wide spread Textile industry located in the Western Region for over a Century.

Thus, the location of the site is advantageous to the company in transportation of Raw materials as well as the Finished Products.

Scalable Business Model

Our business model is order driven, and comprises of optimum utilization of our Narrow Width and Wider Width processing facilities, maximum capacity utilization, developing linkages with quality raw material suppliers and achieving consequent economies of scale. We believe that this business model has proved successful and scalable for us in the last few financial years. We can scale upward as per the requirement generated by our Company. The business scale generation is basically due to the development of new markets both international and domestic, by adopting aggressive marketing of the product, innovation in the product range and by maintaining the consistent quality of the product.

Product mix and Market mix

Our Company deals in a range of products like Shirting Fabrics, Dress Materials, Home Furnishing fabrics etc in both, Narrow Width and Wider Widths. This wide range has given us immense opportunity to expand and explore new markets. Our Company has presence in domestic as well as overseas markets. Our overseas supplies are primarily distributed among European, Middle East and Sri Lankan markets.

Cost effective production and timely fulfilment of orders

Timely fulfilment of the orders is a prerequisite in our industry. Our Company has taken various steps in order to ensure adherence to timely fulfilment and also to achieve greater cost efficiency. These steps include identifying quality grey cloth and Colours & Chemical suppliers (which forms a bulk of our raw material cost), smooth labour relations, use of an efficient production system and ability to meet large and varied orders due to our capacity and linkages with raw material suppliers. Our Company also has enjoyed good relations with our suppliers of grey cloth and Colours & Chemicals which is the primary raw material for our products and as a consequence has had the benefit of timely supplies of the raw materials which has been one of the major reasons why we have been able to achieve timely fulfilment of orders of our customers. Our Company constantly endeavours to implement an efficient procurement policy for inputs required for production so as to ensure cost efficiency in procurement which in turn results in cost effective production.

OUR STRATEGIES

Our strategic objective is to improve and consolidate our position as a Textile Processing Unit with a continuous growth philosophy. The diagram below represents our continuous growth philosophy being implemented on a day-to-day basis.

Our continuous growth philosophy is being driven with the strategic levers of operational excellence, strengthening existing services, customer satisfaction, ecosystem development, innovation and marketing.



Operational excellence

We continue to invest in operational excellence throughout the organization. We are addressing operational excellence through continuous process improvement, customer service and technology development. Alignment of our people to 'process improvement' through change management and upgrading of skills as required for customer satisfaction is a continuous activity. Awareness of this quality commitment is widespread among all the employees.

Geographical expansion

We cater to a large number of clients throughout the Country and Abroad. In India, our clients are scattered throughout the Country. We further intend to continue to cater to PAN India clients.

Our Exports are majorly concentrated in Europe, especially Germany, Middle East and Sri Lanka. We intend to supply to other European countries and also intend to enter other regions of the world over the course of time.

Expand our global footprint

Through a combination of increased capacities, reduced costs, wider range of products adhering to global standards, marketing initiatives, competitive pricing and more efficient use of resources, we intend to expand our global footprint and become a preferred supplier for large format international retail chains and institutions.

Focusing on value added products

With the well balanced Narrow and Wider Width processing facilities, our Company will be technically capable to focus on value added products. Though value added products, especially in Home Furnishing segment, do not show significantly high volumes in terms of sales, but they normally command premium pricing which would have a positive impact on our margins.

DETAILS OF OUR BUSINESS

LOCATION

Our Registered Office as well as the Processing Unit are located at Ranipur, Narol Road, Ahmedabad - 382405. The land on which the Office is situated is on a leasehold basis from one of our Promoter Group Companies Prakash Calender Pvt. Ltd. For details of the lease-hold land, please refer to “Our Business – Properties” on page 84 of this Prospectus.

EXISTING MANUFACTURING FACILITIES

Our Factory site is located at Ranipur, Narol Road, Dist. Ahmedbad - 382405. Existing manufacturing facilities includes a processing unit with various machinery for different process like dyeing, printing, finishing and packing. The details of existing Plant & Machinery for the Fabric Processing Unit are given below:

Machine Name	No. of Machines	Machine Make / Country Imported
Dyeing		
Dying jigger/Jumbo jigger/maxi jigger	69	Indigenous
Jet Dyeing	21	Indigenous
Kuster Padding Machine	1	German
Padding Mangle	2	Indigenous
Printing		
Rotary Screen Printing	3	Lakshmi, Indian
	4	Stormac
	3	Indigenous
Flat Bed Screen Printing	8	Indigenous
Mercerizing, Boiling and Bleaching		
Continuous Bleaching Range CBR)	1	Dhall, India
Mercerizer	4	Indigenous
J. T. Tank	15	Indigenous
Colour fixing and washing		
Continuous Ager	4	Indigenous
Loop Ager	3	Indigenous
Polymerise	2	Indigenous
Open width Soaper	2	Indigenous
Winch Soaper	3	Indigenous
Hydro extractor	4	Indigenous
Drying , Finishing and batching machine		

Hot Air Stenter	1	Montex
	3	Harish
	2	Dhall
	1	Yamuna
Open Stenter for Batching	3	Indigenous
Hydraulic Batching	3	Indigenous
Float Dyer	1	Indigenous
Drying Range	5	Indigenous
Pitch Machines	3	Indigenous
Sanforizing Machines	4	Indigenous
De-size cum Singing Machines	2	Indigenous
Calender Machines	4	Indigenous
Brushing machine	1	Karu, Italy
Liza brushing machine	1	Italy
Sueding Machine	1	Karu, Italy
Folding, Checking & Packing		
Cloth Folding Machines	8	Indigenous

Our Company has installed a Captive Power Plant in the same location as that of the Fabric Processing Unit. The details of existing Plant & Machinery for the Captive Power Plant are given below:

Machine Name	No. of Machines	Machine Make / Country Imported
Steam Turbine	1	Triveni Engineering & Industries Ltd, India
High Pressure Water Tube Boiler	1	Cethar Vessels Pvt. Ltd., India
Miscellaneous Air Pollution Equipment including Electrostatic Precipitator (ESP)	1	Thermax Ltd., India

MANUFACTURING PROCESS

Fabric Processing

To deliver bleached, dyed, printed and finished fabric to our customers we use grey fabric as major input apart from colours, chemicals, steam, power and machine for wet processing. Un-dyed and un-finished fabrics are known as grey fabrics. Grey Fabrics are passed through several water intensive wet processing stages. These processes enhance the appearance, durability and serviceability of the fabric and make the fabric worth of apparel making. Following is the broad outline of process involved in fabric processing.

Grey Fabric:

Fabric received from loom shed or knitting house is called as grey fabric. It is as such not fit to use as it contain several impurities viz. added, acquired or inherent ingredients mostly including sizes, lubricants, anti microbials, anti-static substances, colouring matters, natural pigments, proteins, soil, dirt, oils and grease stains etc., In order to make the fabric fit for further process as per end use it is subjected to de-sizing and scouring through which most of the sizes and other impurities are eliminated and fabric is fit for next operation that is bleaching.

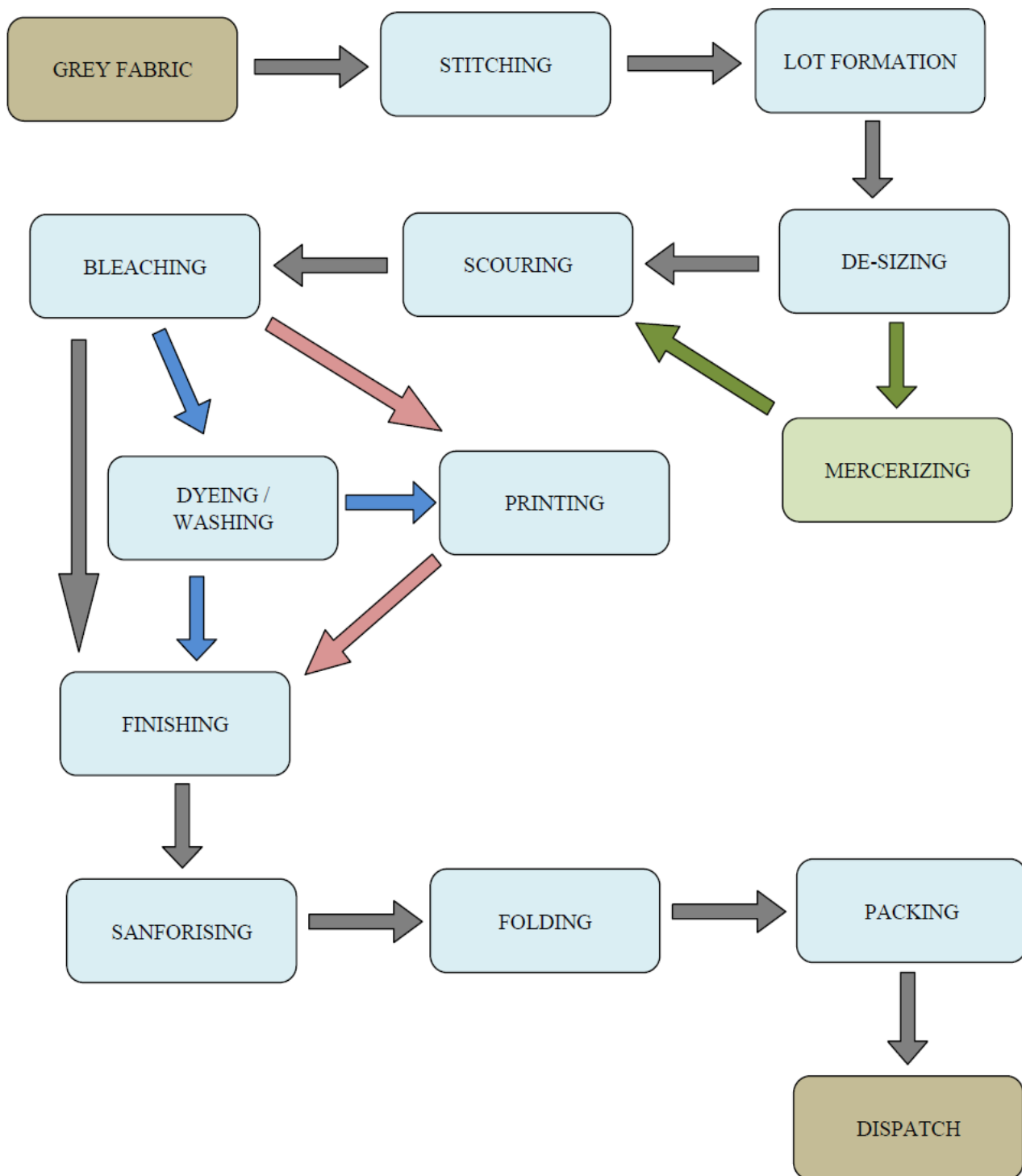
Bleaching:

De-sized and scoured fabric still contains colouring matters which include natural pigments or added colours for yarn identification. Fabric is subjected to bleaching to remove colouring matters by treating fabric with bleaching agents i.e chlorine bleach, hydrogen peroxide etc. This process is carried out on Jiggers or CBR machine. After bleaching fabric is dried and given optical whitener treatment if white fabric is the end product or subjected to drying and dyeing and/or printing.

Mercerizing:

Cotton fabric and its blends having substantial proportion of cotton are subjected to mercerizing if fabrics are to be dyed, or printed. This operation involves treatment of fabric with cold concentrated caustic and results into enhanced durability of fabric, smoothness of surface and shining of fabric due to molecular reorientation.

After mercerization fabric is washed, dried and sent for further process i.e. dyeing and/or printing.



Heat Setting:

Polyester and manmade fabrics are subjected to heat setting (or thermo setting) to impart dimensional stability and to achieve desired width prior to dyeing and printing.

Dyeing

Scoured and/or bleached fabric is converted into beams to dye the fabric as per end use and to impart desired coloration (shades). Various types of dyes are used as per order and requirements. Mostly disperse reactive, vat, naphthols, indigo sols, indigo, sulphur dyes, phthalocyanins, mineral colours pigment, etc. are used as colouring agents. Colour is

fixed on fabric and after ensuring correct shade and fixation of colour, fabric is soaped, washed and dried and sent for further process i.e. finishing or printing.

Printing

Dried, dyed or bleached fabric (as per requirement) is subjected to batch formation and taken for printing on printing machines. Colour mixtures are applied via thickeners and other ingredients (for colour fixation) through printing screens engraved with desired patterns and designs. Now-a-days, table, Flat Bed & Rotary Printing machine are mostly used and digital printing / transfer printing is also used for limited production. Roller printing is also practiced in some process houses. However at VFL we use Table printing for sample printing and bulk production is taken on Flat beds & Rotary printing machine. Various kinds of printing is done as per requirement which includes disperse printing, pigment printing, reactive printing, resist printing, vat discharge printing, khadi print, ornamental printing e.g. Zari, silver and bronze powder printing, foil printing, foam printing, etc.

Colour Fixation

After printing colour fixation is done on polymerizes, high temperature loop steamers or continuous steamer as per class of dye used for printing. This process involves heat and steam treatment to printed fabric through which printed patterns are permanently fixed on fabric surface.

Washing

After colour fixation fabric is washed, dried and/or finished through which unfixed colour and gums (thickener) used for printing are removed and fabric is made fit for finishing.

Finishing

Dyed, printed or bleached fabric is subjected to finishing. Chemical finishing imparts desired feel weight and fall to fabric and also incorporate desired properties of viz. water proofing, fire resistance, anti bacterial properties, softness, fragrance etc. This operation also ensures dimensional restructuring and stability of fabric that is width setting. Mostly high speed stenters are used for this process.

After chemical finishing, fabric is subjected to mechanical finishing, imparting dimensional stability. This is done on sanforising machine which controls shrinkage of fabric during washing of garments, calendaring is done to impart shining and smooth feel to end product.

Packing

Finished fabric is sent to checking and packing department for quality inspection and packing followed by dispatching through bale formation.

CAPTIVE POWER PLANT

In the year 2003, we set up a captive power plant for production of 2.3 MW power to improve productivity in our processing plant. The basic purpose of installing this thermal power plant was to meet the heating and power requirement of the process plant.

We have also setup special type of Condensing-cum-Extraction turbines which, in addition to being part of power generation, provides us with Steam for our fabric processing Unit. Steam is an essential component for our Textile Processing Unit. Steam is used in different types of the processes i.e. de-sizing, washing in boiling water, Scouring, Bleaching, Mercerising, Drying, Printing and Dying, Colour Fixation, Washing / Soaping of Dyed / Printed Fabric, Finishing and Sanforizing / Decadising.

The Captive Power Plant has given us various benefits in our day-to-day business and also given us an edge over our competitors. Some of the benefits of the captive power plant are as below:

- Uninterrupted Power. No problems of Load Shedding
- Low Cost Power compared to that obtained from the State Electricity Boards (SEBs)
- Uninterrupted & quality supply of Steam with steady pressure, steady temperature & steady flow for our Fabric Processing Unit.

- Reduction in breakdown due to power fluctuations and lower maintenance costs.

PRODUCTS AND SERVICES

We are engaged in the business of processing Grey Fabric using various bleaching, dyeing and printing processes. VFL is equipped with state of the art machinery to process fabric from 30 inches to 120 inches width with core capability to print, dye and finish a wide range of fabric consisting of 100% cotton, polyester and various blends, regenerated and manmade fabrics viz. Viscose, Rayon, modal, excel, polyester, nylon, acrylic, linen, etc. from finest counts to coarser counts. Our products cater to domestic as well as global markets, ensuring most stringent quality norms. The main products for our processed fabrics are:

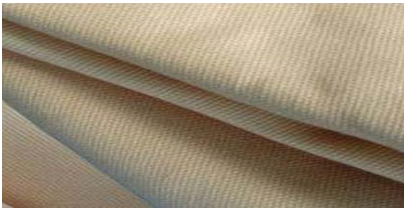
Voiles



Georgette / crapes



Canvass Fabric



Suiting Fabrics



Shirting Fabrics



Dress materials



Bottom weights



Bed sheet / Bed covers



Upholstery / Furnishing fabrics



Development of Design

There is a continuous process of conceptualization and development of design in the Upholstery, Furnishing Fabrics, Shirting and Dress Material Fabrics as per the liking and changing trends of the end user's habits. Our design team continuously works to make innovative designs. This process is undertaken considering the tastes, trends, regions and habits of the target customers.

Our Company is well equipped with an in-house design studio to prepare innovative designs for our customers. Normally, the designs are provided by our clients, including export clients from Europe and Middle East along with the fabric specifications. After receiving the designs necessary modifications are made in our design studio and sent back with the fabric sample / paper sample. The manufacturing of the product commences once the sample is approved and confirmed.

In addition, our Company has recently started designing its own range of women wear, especially in lycra fabric for domestic sale. Our Company intends to gradually increase the scale of our designs. Our Company develops the designs as per the demand and trends of the customers.

OUR MAJOR CUSTOMERS

The percentage of income derived from top 10 customers in the last financial year is given below:

Sr. No.	Customer	Revenue (₹ in lakhs)	Percentage (%)
1	Bansal Cotspin Private Limited	263.03	1.29
2	Gupta Fabtex Private Limited	260.42	1.28
3	Mahek Creations Private Limited	250.59	1.23
4	Ankit Texo Innovations (P) Limited	220.17	1.08
5	Babulal Laxmichand Co.	203.62	1.00
6	Rajlaxmi Textile Mill	201.08	0.99
7	Mahesh Trading Co.	193.81	0.95
8	Krishna Fabrics	172.93	0.85
9	Rachit Prints Private Limited	167.57	0.82
10	PrekshaTextile Private Limited	162.05	0.79

Sr. No.	Particular	Revenue (₹ in lakhs)	Percentage (%)
1	Income from Top 5 Customers (%)	1,197.83	5.87
2	Income from Top 10 Customers (%)	2,095.27	10.27

COLLABORATIONS

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

RAW MATERIALS

Since the Company processes the fabrics mainly on Job Work basis, the major raw materials required by the Company are Grey Fabric and Colours & Chemicals.

Grey Fabric

Gujarat being a major textile manufacturing state, Grey Fabric is easily available to us. Cotton Fabrics are mostly procured from South India, especially Ichalkaranji, which is a hub for Grey Fabric (Cotton). Polyester based Fabrics are procured from Bhiwandi in Maharashtra.

Colours & Chemicals

To cater to the growing demand of well established Textile Industry in Gujarat, many units manufacturing Colour & Chemicals have been located in Western India. No difficulty is experienced in procuring these raw materials. There are no restrictions for purchase and or import of Colour & Chemicals.

Coal/Lignite

Gujarat Mineral & Development Corporation (GMDC) has plenty of mines of lignite in Gujarat State. GMDC is catering lignite to all industries in Gujarat. We are also registered buyer of GMDC for lignite and getting adequate supply from it. Purchase of coal through import has no restrictions.

UTILITIES

Power

To save on the power cost, the company has installed own power plant with a capacity to generate 2.3 MW power. The captive power plant has dual advantage of continuous power supply and saving in power cost. The power plant is run on Coal / Lignite. The cost of power through captive plant is less than the cost of purchased power. Further, the Company also has been sanctioned power of 1,250 KW by Torrent Power Ltd.

The company's present power requirement is being sourced through own Captive Power Plant and power sanctioned by Torrent Power Ltd.

In addition to the said captive power plant, the company has installed DG Sets as standby arrangement, which will continued to be used in case of need/shutdown or requirement of additional power.

Steam

Presently the Company has two steam generating Boilers with a capacity of upto 12 Tonnes, which are used for generation of Power & Steam which is used for the Processing facilities.

The company existing steam requirement is about 20 tons per hour and the same is met from the Boilers Installed.

Water

The water is required in processing process and for human consumption. The Company has adequate number of own bore-wells to meet the water requirement. The Company has also water storage tank and one Reverse Osmosis Plant for treating the raw water.

Effluent Treatment Plant

The Company has Effluent Treatment Plant for bringing down the levels of effluents discharged during the process of manufacture to the acceptable levels. The company has also received approval from GPCB and the Disposal is as per the General Standards notified from time to time.

Telecommunication System

Ahmedabad is a fast emerging tier II city with excellent communication system and is well connected by telephone, fax and wireless system throughout the country and also the world over. All telecommunication systems are available without any disturbances.

MARKETING SETUP

Our marketing set up is as under:

Own Fabric – Fabrics processed for indigenous products are marketed through different divisions of products like, Fabric sales division, Home Furnishing division, Export division, etc. Each division is headed by the Vice President (Marketing), with a team of well experienced Managers and each division has an adequate team to support them.

Job Work Fabric – The Fabrics processed as part of our Job Work orders are marketed mainly through divisions like Domestic dress material division, Bottom Dying Division and Export garment division. Each division is managed by well experienced Sales Manager and have adequate team to support them.

AWARDS & ACHIEVEMENTS

The products processed in our units have been certified by the Oeko-Tex® Standard 100 signifying that our products i.e. White, Disperse Dyed and Printed 100% Polyester fabrics meet the human-ecological requirements, Further, the products fulfil the requirements of Annex XVII of REACH (including the use of azo-dyes, nickel, etc) as well the American requirement regarding total content of lead in children's articles. This certificate has a yearly validity and we have applied for renewal of the same on April 04, 2014.

MANPOWER

We require a significant amount manpower on our payroll as our processing facility though, technologically advanced, is labour intensive. Following is the number of employees on our company's payroll as on June 30, 2014:

Sr. No	Category	No. of employees
1.	Executive Director(s)	1
2.	Higher Level Management and Key Managerial Persons (Including Vice Presidents & Head of Departments)	25
3.	Middle Level Management	155
4.	Other Employees (including Factory Labourers and Office staff)	1,605
	Total	1,786

EXPORT AND EXPORT OBLIGATIONS


The details of Our Export Sales and Export Obligations for the last three (3) years are given below:

Financial Year	Export Sales (₹ in lakhs)	Export Obligations (₹ in lakhs)
2013-14	4.54	0.34
2012-13	515.37	35.47
2011-12	376.46	39.54

COMPETITION

The industry in which we operate is highly competitive and fragmented. Competition emerges from small as well as big players in the textile industry. The organized players in the industry compete with each other by providing high quality-time bound products and value added services. We have a number of competitors offering services similar to us. We believe the principal elements of competition in textile industry are price, fabric quality, timely delivery and reliability. We compete against our competitors by establishing ourselves as a knowledge-based processing unit with industry expertise in Dyeing and Printing which enables us to provide our clients with innovative designs suitable to current fashion and market requirements.

INTELLECTUAL PROPERTY

The logo “” is currently being registered in the name of the company Vishal Fabrics Limited. The company has filed an Application No. 2728943 dated May 01, 2014 before the Trade Mark Registry for registration of its name and logo under Class 24. The application is waiting for registration.

PROPERTIES

New / Proposed Acquisition of Land

Our Company is in the process of purchasing the following land and has entered into a preliminary purchase agreement dated March 19, 2014. The final sale deed will be executed shortly.

(₹ in lakhs)

Location of Land and Address of Property	Name of the Vendor	Date of Preliminary Agreement	Amount Deployed	Land Area	Total Cost
Survey No. 357/A/11, Plot No. Spinning – 9, Village Dholi, Dholka.	Dholi Integrated Spinning Park Limited	March 19, 2014	400.00	34,070.35 Sq. Mtrs.	615.00

Freehold Property

The details of the Free Hold property on which we have our processing unit is situated are as under:

Sr. No.	Schedule of property and area	Date of Agreement	Seller	Purpose	Purchase Consideration	Dispute / Litigation Status
1.	Survey No. 197, Plot Nos. 9, 10, 11 and 12 situated at Ahmedabad, Sub-District Ahmedabad Paschim (Narol), City Taluka Moje Isanpur; admeasuring 916.40 Sq. Mtrs.	March 25, 2008	Vedprakash Devkinandan Chiripal, Jyotiprasad Devkinandan Chiripal, Jaiprakash Devkinandan Chiripal and Brijmohan Devkinandan Chiripal	Processing Unit	₹ 2.19 lakhs	No Pending Dispute / Litigation
2.	Survey No. 201, situated at Ahmedabad, Sub-District Ahmedabad Paschim (Narol), City Taluka Moje Isanpur; admeasuring 2,934 Sq. Mtrs.	March 25, 2008	Chiripal Textile Mills Pvt. Ltd.	Processing Unit	₹ 2.65 lakhs	No Pending Dispute / Litigation
3.	Survey No. 197, Plot No. 14 situated at Ahmedabad, Sub-District Ahmedabad Paschim (Narol), City Taluka Moje Isanpur; admeasuring 212.37 Sq. Mtrs.	March 25, 2008	Nishi Jaiprakash Chiripal	Processing Unit	₹ 2.25 lakhs	No Pending Dispute / Litigation
4.	Survey No. 197, Plot Nos. 15, 16 and 17 situated at Ahmedabad, Sub-District Ahmedabad Paschim (Narol), City Taluka Moje Isanpur; admeasuring 687.29 Sq. Mtrs.	March 25, 2008	Vedprakash Devkinandan Chiripal, Jyotiprasad Devkinandan Chiripal, Jaiprakash Devkinandan Chiripal and Brijmohan Devkinandan Chiripal	Processing Unit	₹ 1.64 lakhs	No Pending Dispute / Litigation
5.	Survey No. 197, Plot Nos. 18 and 19 situated at Ahmedabad, Sub-District Ahmedabad Paschim (Narol), City Taluka Moje Isanpur; admeasuring 458.19 Sq. Mtrs.	March 25, 2008	Vedprakash Devkinandan Chiripal, Jyotiprasad Devkinandan Chiripal, Jaiprakash Devkinandan Chiripal and Brijmohan Devkinandan Chiripal	Processing Unit	₹ 1.10 lakhs	No Pending Dispute / Litigation

Sr. No.	Schedule of property and area	Date of Agreement	Seller	Purpose	Purchase Consideration	Dispute / Litigation Status
6.	Survey No. 203, Hissa No. 2 situated at Ahmedabad, Sub-District Ahmedabad Paschim (Narol), City Taluka Moje Isanpur; admeasuring 2,630.00 Sq. Mtrs.	December 13, 2007	Amichand Textiles Mills Pvt. Ltd.	Processing Unit	₹ 37.35 lakhs	No Pending Dispute / Litigation
7.	Survey No. 203, Hissa No. 1 situated at Ahmedabad, Sub-District Ahmedabad Paschim (Narol), City Taluka Moje Isanpur; admeasuring 2,732.00 Sq. Mtrs.	December 13, 2007	Amichand Textiles Mills Pvt. Ltd.	Processing Unit	₹ 38.80 lakhs	No Pending Dispute / Litigation

Leasehold Property

Sr. No.	Name of the Lessor	Premises Leased and area	Term of the Lease	Amount of Rent and Security Deposit	Purpose
1.	Prakash Calender Pvt. Ltd.	Land admeasuring 16,103.81 Sq. Mtrs bearing Survey Nos. 202, 221, 222 – Plot No. 2, 223, and 197 – Plot No. 3, 5, 6, 7 and 8 at Moje Isanpur, Ahmedabad, Narol	For a term of 30 years commencing from April 01, 2002 to March 31, 2032	<i>Amount of Rent:</i> ₹ 19,260 p.a. (excluding municipal & other taxes) <i>Security Deposit:</i> Nil	Registered Office

INSURANCE

The insurance policies covered by the company are:

Sr. No.	Name of the Insurance Company	Type of Policy	Validity Period	Description of cover under the policy	Policy No.	Sum Insured	Premium
1.	United India Insurance Company Limited	Standard Fire and Special Perils Policy	Till midnight of 08/09/2014	Buildings, Plant & Machinery, Furniture, Fixture & Fittings, Category I Stocks	060500/11/13 /11/00001423	₹ 170,75,00,000	₹ 15,89,968
2.	United India Insurance Company Limited	Money Insurance Policy	Till midnight of 05/03/2015	Money in Transit	060600/48/13 /07/00013823	₹ 40,00,000	₹ 10,225

Vehicle Insurance

Sr. No.	Policy Details	Name of the insuring Company	Period Covered		Total Amount / Premium Amount	Vehicle Details
			From	To		
1.	Motor Vehicle Insurance – Policy Cover Note No. ARO / 21 / 546555 / 21863	New India Assurance Co. Ltd.	August 30, 2013	August 29, 2014	₹ 4,92,704 Premium: ₹ 19,815	Tata Indica Vista LS

KEY INDUSTRY REGULATIONS AND POLICIES

We are subject to a number of Central and State legislations which regulate substantive and procedural aspects of the business. Additionally, the operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye-laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to our business. The regulations set out below are not exhaustive and are only intended to provide general information to the bidders.

Statutory Legislations

The Companies Act, 1956

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

The Companies Act, 2013 (to the extent notified)

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs has vide its notification dated September 12, 2013 and March 26, 2013 notified a total of 283 Sections of the Companies Act, 2013, which have become effective as on the date of this Prospectus.

The Competition Act, 2002

The Competition Act, 2002 (the "Competition Act") prohibits anti competitive agreements, abuse of dominant positions by enterprises and regulates "combinations" in India. The Competition Act also established the Competition Commission of India (the "CCI") as the authority mandated to implement the Competition Act. The provisions of the Competition Act relating to combinations were notified recently on March 04, 2011 and came into effect on June 01, 2011. Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act. A combination is defined under Section 5 of the Competition Act as an acquisition, merger or amalgamation of enterprise(s) that meets certain asset or turnover thresholds. There are also different thresholds for those categorized as 'Individuals' and 'Group'.

The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India. Effective June 01, 2011, all combinations have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or control of an enterprise under Section 5(a) and (b) of the Competition Act (including any binding document conveying an agreement or decision to acquire control, shares, voting rights or assets of an enterprise); or the board of directors of a company (or an equivalent authority in case of other entities) approving a proposal for a merger or amalgamation under Section 5(c) of the Competition Act. The obligation to notify a combination to the CCI falls upon the acquirer in case of an acquisition, and on all parties to the combination jointly in case of a merger or amalgamation.

Industrial (Development and Regulation) Act, 1951

The Industrial (Development and Regulation) Act, 1951 has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

Factories Act, 1948

The Factories Act, 1948 (“**Factories Act**”) seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. Section 2(m) of the Act, defines, a ‘factory’ to cover any premises which employs 10 or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least twenty workers even though there is or no electrically aided manufacturing process being carried on. Each State Government has set out rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories. The Act provides that occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers’ health and safety, cleanliness and safe working conditions. There is a prohibition on employing children below the age of 14 years in a factory.

Standards of Weights and Measures Act, 1976

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

Employment and Labour Laws

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 was enacted with the objective of providing of payment of bonus to employees on the basis of profit or on the basis of productivity. This Act ensures that a minimum annual bonus *is* payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or ₹ 100, whichever is higher.

The Workmen Compensation Act, 1923

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

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to this Act, in respect of which minimum rates of wages have been fixed or revised under the Act.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It empowers the Central Government to frame the "Employee's Provident Fund Scheme", "Employee's Deposit linked Insurance Scheme" and the "Employees' Family Pension Scheme" for the establishment of provident funds under the EPFA for the employees. It also prescribes that contributions to the provident fund are to be made by the employer and the employee.

Employees' State Insurance Act, 1948 (“the ESI Act”)

All the establishments to which the ESI Act applies are required to be registered under the ESI Act with the Employees State Insurance Corporation. The Act requires all the employees of the establishments to which this Act applies to be

insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

The Equal Remuneration Act, 1976

The Equal Remuneration Act, 1976 provides for payment of equal remuneration to men and women workers and for prevention of discrimination, on the ground of sex. It states that no employer shall pay to any worker, employed by him in an establishment or employment, remuneration, whether payable in cash or in kind, at rates less favourable than those at which remuneration is paid by him to the workers of the opposite sex in such establishment or employment for performing the same work or work of a similar nature.

The Payment of Gratuity Act, 1972

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease.

The Maternity Benefits Act, 1961

The purpose of the Maternity Benefit Act is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

Trade Union Act, 1926

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

The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 makes provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.

Child Labour (Prohibition and Regulation) Act ,1986

The Child Labour (Prohibition and Regulation) Act 1986 prohibits employment of children below 14 years of age in certain occupations and processes. 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, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 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 the Contract Labour (Regulation and Abolition) Act 1970 and is required to register as a principal employer. Similarly any contractor who engages 20 employees in a year covered by the Contract Labour (Regulation and Abolition) Act 1970 is required to obtain a license. The Contract Labour (Regulation and Abolition) Act 1970 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 1938 (ELA)

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 a 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 1946 (Standing Orders Act)

The Industrial Employment (Standing Orders) Act 1946 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.

Tax Related Legislations

Value Added Tax (“VAT”)

The levy of Sales Tax within the state is governed by the Value Added Tax Act and Rules 2008 (“the VAT Act”) of the respective states. The VAT Act has addressed the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its “Residential Status” and “Type of Income” involved. U/s 139(1) every Company is required to file its Income tax return for every Previous Year by 30th September of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

Central Sales Tax Act, 1956

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

The Additional Duties of Excise (Textiles and Textile Articles) Act 1978

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

Customs Act, 1962 (“the Customs Act”)

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

Central Sales Tax Act, 1956

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

Environmental Laws

The Environmental Protection Act, 1986

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for coordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

Environmental Legislation

We are required under applicable law to ensure that the operations are compliant with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974, as amended ("Water Pollution Act"), the Air (Prevention and Control of Pollution) Act, 1981, as amended ("Air Pollution Act") and the Environment Protection Act, 1986, as amended ("Environment Act"). The Water Pollution Act aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation prohibits any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board. The Central and State Pollution Control Boards constituted under the Water Pollution Act are to perform functions as per the Air Pollution Act for the prevention and control of air pollution. The Air Pollution Act aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area. The Environment Act has been enacted for the protection and improvement of the environment. The Act empowers the central government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The central government may make rules for regulating environmental pollution.

Hazardous Waste (Management and Handling) Rules, 1989

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

Kyoto Protocol

The Kyoto Protocol is an international agreement linked to the United Nations Framework Convention on Climate Change. The major feature of the Kyoto Protocol is that it sets binding targets for 37 industrialized countries and the European community for reducing Green House Gas (GHG) emissions. These amount to an average of five per cent (5%) against 1990 levels over the five-year period 2008-2012. Recognizing that developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere as a result of more than 150 years of industrial activity, the Protocol places a heavier burden on developed nations under the principle of "common but differentiated responsibilities". The Kyoto Protocol was adopted in Kyoto, Japan, on December 11, 1997 and came into force on February 16, 2005. One Hundred and Eighty Four (184) Parties of the Convention have ratified the Protocol to date. The detailed rules for the implementation of the Protocol were adopted at seventh conference of parties in Marrakesh, Morocco, in 2001, and are called the "Marrakesh Accords". Of the few methods to participate in the Carbon market a Clean Development Mechanism (CDM) project must provide emission reductions that are additional to what would otherwise have occurred. The projects must qualify through a rigorous and public registration and issuance process. Approval is given by the Designate National Authorities. Public funding for CDM project activities must not result in the diversion of official development assistance. The mechanism is overseen by the CDM Executive Board, answerable ultimately to the countries that have ratified the Kyoto Protocol.

Trade Related Legislations

National Textile Policy

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

Cotton Control Order 1986

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

Textile Committee Act 1963

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.

Textile (Development and Regulation) Order, 2001

Textiles (Development and Regulation) Order 2001 superseded the earlier order of 1993. Every manufacturer of textiles, textile machinery and every person dealing with textiles shall keep books of accounts, data and other records relating to his business in the matter of production, processing, import, export, supply, distribution, sale, consumption etc and shall furnish such returns or information as and when directed by Textile Commissioner.

The Foreign Trade (Development and Regulation) Act, 1992

In India, the main legislation concerning foreign trade is the Foreign Trade (Development and Regulation) Act, 1992. The Act provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. As per the provisions of the Act, the Government :- (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorised to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorised to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the export-import policy.

Trade Marks Act, 1999 (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 marks such as a brand, label and heading and to obtain relief in case of infringement for commercial purposes as a trade description. The registration of a trademark is valid for a period of 10 years and can be renewed in accordance with the specified procedure. Application for trademark registry has to be made to controller-general of patents, designs and trade - marks who is the registrar of trademarks for the purposes of the Trade Marks Act. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compound among others. It also provides for penalties for infringement, falsifying and falsely applying trademarks.

Regulation of Foreign Investment in India

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

Importer Exporter Code

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/divisions/units/factories.

Trade Related Incentives

Technology Upgradation Fund Scheme (TUFS)

Technology Upgradation Fund Scheme (TUFS), a flagship scheme of Ministry of Textiles, is a scheme for modernization and technology upgradation in the textiles sector. It aims at making funds available to the domestic textile industry for technology upgradation in the textile sector. It aims at making funds available to the domestic textile industry for technology upgradation of existing units as well as to set up new units.

Duty Drawback Scheme

The Duty Drawback Scheme seeks to rebate duty or tax chargeable on any imported / excisable materials and input services used in the manufacture of export goods. The duties and tax neutralized under the scheme are (i) Customs and Union Excise Duties in respect of inputs and (ii) Service Tax in respect of input services.

Other Applicable Laws

The Indian Stamp Act, 1899

Under the Indian Stamp Act, 1899, stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. Stamp duty must be paid on all instruments

specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. The applicable rates for stamp duty on instruments chargeable with duty vary from state to state. Instruments chargeable to duty under the Stamp Act, which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein and it also provides for impounding of instruments that are not sufficiently stamped or not stamped at all.

The Indian Contract Act, 1872

The Contract Act is the legislation which lays down the general principles relating to formation, performance and enforceability of contracts. The rights and duties of parties and the specific terms of agreement are decided by the contracting parties themselves, under the general principles set forth in the Contract Act. The Contract Act also provides for circumstances under which contracts will be considered as 'void' or 'voidable'. The Contract Act contains provisions governing certain special contracts, including indemnity, guarantee, bailment, pledge, and agency.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as Vishal Fabrics Private Limited on October 22, 1985 under the Companies Act, 1956 bearing the Registration Number 008206 of 1985-86 with the Registrar of Companies, Gujarat. The status of our Company was changed to a public limited company and the name of our Company was changed to Vishal Fabrics Limited by a special resolution passed on February 25, 2014. The fresh certificate of incorporation consequent to the change of name was granted to our Company on March 31, 2014, by the Registrar of Companies, Ahmedabad, Gujarat.

The business of VFL is weaving, bleaching, dyeing, processing, printing and sizing of Grey Fabric made from all types of yarn.

As stated in the main objects contained in its memorandum of association, our Company is engaged in the business of dyeing, printing and processing of fabrics of its own and also on job work basis. Our Company procures mainly Grey Fabric and dyes, prints and finishes the same as per the client's requirements. The processing unit of our Company is based in Narol, Ahmedabad, Gujarat. The plant has the capacity to print, dye and process wide range of fabrics i.e. cotton, polyester, viscose and man-made & blended fabrics suitable for men's, women's, home furnishing and many other applications.

Our Company is promoted by Chiripal Group, Ahmedabad. Our Company was initially engaged in trading of fabrics. Though the Company was incorporated in 1985, our Company's activities were almost dormant till the year 1999. During the year 1999-2000, we took over the Units of Associate concerns, Bhushan Petrofils Private Limited and Prakash Calender Private Limited; both located at Narol, Ahmedabad, on lease basis and started the processing of fabrics. Over the years, with a view to expand the installed capacity and broad base the market of its products, we put up our own Plant & Machinery.

For further details regarding our business operations, please see the Chapter titled "*Our Business*" beginning on page 73 of this Prospectus.

Our Company has Fifteen (15) shareholders, as on the date of this Prospectus.

Major events in the history of Our Company:

YEAR	MAJOR EVENT
October 22, 1985	Incorporation of our Company
September 03, 2003	Setting up of a Captive Power Plant of 2.3 MW
August 10, 2005	Installation of Wider Width processing unit
February 15, 2007	Expansion of the Wider Width Unit by installing new Machinery
February 14, 2011	Setting up of a Continuous Bleaching Range (CBR) Unit
February 11, 2012	Setting up of Oil Boilers
March 31, 2014	Conversion of the Company from Private to Public

Main Objects of our Company

The main objects of the Company are as follows:

1. To carry on the business of spinners, weavers, manufacturers, ginnerers, processors, packers, and balers of cotton, jute, hemp, silk, rayon, nylon, stretch-lon, man-made synthetics fibres, staple fibres, wool, and any other fibrous materials and the business of manufacturing, weaving, bleaching, printing and selling yarn, cloth of all types linen and other goods and fabrics of all types, whether knitted or looped and of importing, exporting, buying, selling and/or otherwise dealing in Cotton silk, art silk, rayon, nylon, stretch-lon, man-made, synthetics, fibres, staple fibres, wool, hemp and other fibrous materials yarn, cloth, linen, rayon and other goods and/or merchandise made therefrom and generally to carry on business of spinners, weavers, processors, dyers, sizers, manufacturers and/or dealers in cotton, linen, flax, hemp, jute, silk, artificial silk, rayon, man-made synthetic fibres, staple fibres, wool, yarn and cloth merchants, cleaners, combbers, spinners, weavers, bleachers, dyers, printers, sizers, importers, exporters, manufacturers, purchasers, sellers and/or otherwise dealers in above items.
2. To carry on the business of manufacturing, weaving, bleaching, dyeing, processing, mercerising, printing, sizing, importing, exporting, purchasing, selling and/or otherwise dealing in yarn of all types, cloth of all types, and other fabrics made from cotton, jute, wool, silk, art silk, rayon, nylon, man-made synthetics, fibres, staple fibres and other suitable materials and generally to carry on the business of spinning, weaving and processing mill proprietors

in all their branches.

3. To gin kapas, and to spin, weave, manufacture, dye, print, clean, press and pack cotton, linen, silk, waste, dropping, flywool, jute, hemp flax and other fabrics, materials and thing capable of being used for dyeing, printing, combing, processing, sizing, bleaching and pressing purposes and to sell, buy or otherwise deal in all such goods, yarn, cloth and/or fibres whether made or treated or processed by the Company or not, to use or dispose of any of the by-products of the Company and also to carry on the business of manufacturing, buying, selling, exchanging, converting, altering, importing, exporting, processing, twisting or otherwise handling or dealing in rayon yarn (Also known as continuous filament rayon or artificial silk yarn and which expression shall include all synthetic fibre or fibres whatsoever for textile use), staple fibre yarn (Also known as Spun Rayon) and such other fibre or fibres or fibrous materials or allied products, by-products or substances or substitutes for all/or any of them or yarn or yarns for textile or other use, as may be practicable or deemed expedient.
4. To carry on the business of generation, accumulation, distribution and supply of and generally deal in electricity and explore, develop, generate, accumulate, supply and distribute or to deal in other forms of energy from any source whatsoever and to establish, operate and maintain generating stations, accumulation, tie lines, substations, workshops, transmission lines and to lay down cables, wires and to manufacture, deal in, let on hire install, repair and to maintain plant, machinery, equipment appliances, components and apparatus of any nature whatsoever used in connection with generation storage, supply, distributors, application of electrical energy.

Changes in Registered Office of our Company

Date of Change of Registered Office	Old Address	New Address	Reason for Change
May 05, 2003	283, New Cloth Market, Ahmedabad	2nd Floor "Chiripal House" 132 Ft. Ring Road, Shivranjani Cross Road, Ahmedabad – 380015	Shifted to Group Premises
July 31, 2004	2nd Floor "Chiripal House" 132 Ft. Ring Road, Shivranjani Cross Road, Ahmedabad – 380015	Ranipur, Narol Road, Ahmedabad – 382405	Shifted to location of Processing Plant

Amendments to the Memorandum of Association

Dates on which some of the clauses of the Memorandum of Association of our Company have been changed citing the details of amendment as under:

DATE	NATURE OF AMENDMENT
April 29, 2003	Increase in Authorised Capital from ₹ 15,00,000 divided into 15,000 shares of ₹ 100/- each to ₹ 1,15,00,000 divided into 1,15,000 shares of ₹ 100/-
August 19, 2013	Increase in Authorised Capital from ₹ 1,15,00,000 divided into 1,15,000 shares of ₹ 100/- each to ₹ 3,00,00,000 divided into 3,00,000 shares of ₹ 100/-
January 20, 2014	Increase in Authorised Capital from ₹ 3,00,00,000 divided into 3,00,000 shares of ₹ 100/- each to ₹ 10,00,00,000 divided into 10,00,000 shares of ₹ 100/-
February 25, 2014	Increase in Authorised Capital from ₹ 10,00,00,000 divided into 10,00,000 shares of ₹ 100/- each to ₹ 15,00,00,000 divided into 15,00,000 shares of ₹ 100/-
February 25, 2014	Sub Division of the Face Value of the Equity Shares from ₹ 100 to ₹ 10 each
March 31, 2014	Fresh Certificate of Incorporation subsequent to status change to Public Limited. The name of the company was changed from “Vishal Fabrics Private Limited” to “Vishal Fabrics Limited”
April 08, 2014	Changes in Memorandum of Association as required under Companies Act, 2013

Shareholders' Agreement

There are no Shareholders' Agreements existing as on the date of this Prospectus.

Acquisition of business/ undertakings

We have not acquired any business/ undertakings till date.

Other Agreements

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, we have not entered into any other agreement/contract as on the date of this Prospectus.

Financial Partners

We do not have any financial partners as on the date of this Prospectus.

Strategic Partners

We do not have any strategic partners as on the date of this Prospectus.

Holding Company

Please see the chapter “Our Promoter & Promoter Group” on page 109 of this Prospectus for further details of our holding company i.e. Chiripal Industries Limited.

Company’s subsidiaries

Our Company does not have any subsidiary.

Joint Ventures

As on the date of this Prospectus, there are no joint ventures of our Company.

Other Confirmations

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

OUR MANAGEMENT

Board of Directors:

The Company has Four (4) Directors consisting of one (1) Managing Director (Executive Non-Independent), one (1) Non-Executive Non-Independent Director and two (2) Non-Executive Independent Directors. The following table sets forth the details of our Board of Directors as on the date of this Prospectus:

Name, Father's Name, Address, Occupation, Term and DIN	Qualification	Age	Designation and Status	Other Directorships
Mr. Jyotiprasad D. Chiripal S/o: Mr. Devkinandan K. Chiripal Address: 91, Basant Bahar Bunglows, Opp. Sterling City, Bopal, Ahmedabad – 380 058. Date of appointment as Director: July 07, 1995 Date of appointment as Managing Director: April 04, 2014 Term as Managing Director: upto April 03, 2019 Occupation: Business DIN: 00155695	Bachelor of Commerce	60	Managing Director, Non – Independent Director	<ul style="list-style-type: none"> • CIL Nova Petrochemicals Ltd. • Chiripal Industries Ltd. • Ele Mints Pvt. Ltd. • Chiripal Energy Ltd. • Basant Bahar Gymkhana Pvt. Ltd. • Chiripal Infrastructure Ltd. • Shanti Innovation and Research Foundation • Shanti Academic and Research Foundation
Mrs. Nitika D. Chiripal W/o: Deepak J. Chiripal Address: 91, Basant Bahar Bunglows, Opp. Sterling City, Bopal, Ahmedabad – 380 058. Date of appointment as Additional Director: April 04, 2014 Term as Additional Director: until next AGM Occupation: Business DIN: 00154827	Graduate Gemmologist; Diploma in Jewellery manufacturing & design	32	Additional Director (Non – Executive Non – Independent Director)	<ul style="list-style-type: none"> • Devkinandan Corporation LLP
Mr. Arakhita P. Khandual S/o: Mr. Prahlad Khandual Address: B-102, Panchdhara Plaza, 2 nd Floor, B/H Ocean Park, Satellite Road, Ambawadi, Ahmedabad – 380015 Date of appointment as Additional Director: April 04, 2014 Term as Additional Director: until next AGM Occupation: Retired DIN: 00055601	CAIIB; Masters in Financial Management; MA (Economics)	60	Additional Director (Independent Director, Non – Executive Director)	<ul style="list-style-type: none"> • Nil
Mr. Gautam C. Gandhi S/o: Mr. Chandrakant Chhotalal Gandhi Address: 2, Prabhat Society, Near Suvidha Shopping Centre, Paldi, Ahmedabad - 380009 Date of appointment as Additional Director: April 04, 2014 Term as Additional Director: until next AGM Occupation: Professional DIN: 00049735	B. A.; LLB	79	Additional Director (Independent Director, Non – Executive Director)	<ul style="list-style-type: none"> • Nandan Denim Limited

Notes:

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

- Further, neither our Company nor our Promoters, persons forming part of our promoter Group, Directors or persons in control of our Company are debarred from accessing the capital market by SEBI.
- None of the Promoters, Directors or persons in control of our Company has been involved as a Promoter, Director or person in control of any other Company, which is debarred from accessing the capital market under any order or directions made by SEBI.
- All the Directors of our Company are Indian nationals. There is no arrangement or understanding with major shareholders, customers, supplier or others, pursuant, to which any of the above mentioned Directors were selected as a director or member of the senior management.
- There is no service contract entered into by the Directors with the issuer Company providing for benefits upon termination of employment.

Brief Profile of Our Directors

Mr. Jyotiprasad D. Chiripal aged 60 years, is the Chairman and Managing Director of our Company. He has been associated with the Chiripal Group of Companies since 1972. He has completed Bachelor of Commerce from the Gujarat University and has more than 28 years of experience in the fabric and yarn business and marketing of knitted apparels. As the Chairman & Managing Director of our Company, he is responsible for the overall growth and development of our Company.

Mrs. Nitika D. Chiripal aged 32 years, is the Non-Executive Director of our Company. She has completed her Graduation in Gemmology from Gemmological Institute of America, California and has also completed her Diploma in Jewellery manufacturing & design from S. N. D. T. University, Mumbai. She had been briefly associated with Chiripal Group for its Branding campaign and was also for a brief period managing the Embroidery division of Shanti Processors Limited. Currently she is managing Shanti Asiatic School at Bopal. Being a Non-Executive Director of the company her role currently is limited to the guidance and supervision provided through the board meetings of the company. She was appointed as Non-Executive Director on April 04, 2014.

Mr. Arakhita Khandual aged 60 years, is a Non-Executive Independent Director of our Company. He has completed his M.A. in Economics from Utkal University, has pursued Masters Degree in Financial Management (MFM) from Jamnalal Bajaj Institute of Management Studies (Mumbai University) and is also a Certified Associate of the Indian Institute of Bankers (CAIIB). He has vast experience in the Banking industry and has been associated with IDBI Bank for the 32 years handling Project Financing – Appraisal, Monitoring and Rehabilitation of Industrial Projects. Being an Independent Director of the company he shall be responsible for ensuring the board adheres to the required corporate governance requirements. He was appointed on our board on April 04, 2014.

Mr. Gautam C. Gandhi aged 79 years, is a Non-Executive Independent Director of our Company. He has completed his Bachelor of Arts and LLB. He has been a practising advocate since 1960 and has amassed 54 years of experience in the Legal field. Currently he is a Partner in M/s. C. C. Gandhi & Co, Advocates and is also active in various Trusts. Being an Independent Director of the company he shall be responsible for ensuring the board adheres to the required corporate governance requirements. He was appointed on our board on April 04, 2014.

Details of Current & Past Directorship in Listed Companies

None of the Directors of our Company is or was a Director of any company that has been or was suspended by the Stock Exchange.

Further, none of the Directors of our Company is or was a Director of any company that has been or is being delisted from any Stock Exchange except as below:

Mr. Jyotiprasad Chiripal

Name of the Company	CIL Nova Petrochemicals Limited
Name of the Stock Exchanges where currently listed	BSE & NSE
Date of Delisting on Stock Exchange	Delisted from Ahmedabad Stock Exchange as on March 31, 2014
Compulsory or Voluntary Delisting	Voluntary Delisting

Reason for Delisting	No benefits expected
Whether Re-listed	No
Term of Directorship	Liable to Retire by Rotation

Relationship between Directors

- Mrs. Nitika D. Chiripal is the Daughter-in-Law of Mr. Jyotiprasad Chiripal

Save and except the above, none of our Directors have any family relationships.

Borrowing Powers of the Board of Directors

Our Company at its Extra-Ordinary General Meeting held on April 08, 2014, passed a resolution authorizing Board of Directors pursuant to the provisions of section 180 (1) (c) of the Companies Act, 2013 for borrowing from time to time any sum or sums of money from any person(s) or bodies corporate (including holding Company) or any other entity, whether incorporated or not, on such terms and conditions as the Board of Directors may deem fit for the purpose of the Company's business. The monies so borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the banks in the ordinary course of business) may exceed the aggregate of the paid up share capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of such borrowings together with the amount already borrowed and outstanding shall not, at any time, exceed ₹ 2000 Crores (Rupees Two Thousand Crores only).

Remuneration of Directors

- Mr. Jyotiprasad Chiripal, Managing Director**

The compensation package payable to him as resolved in the shareholders meeting held on April 08, 2014 is stated hereunder:

Salary, allowances and Perquisites: ₹ 80,000 per month (inclusive of all benefits)

Bonus: Nil

Commission: Subject to overall limit laid down in Section 197 of the Companies Act, 2013, such percentage of the net profit of the company as may be decided by the Board of Directors for each financial year.

Compensation of Non-Executive Independent Directors

Pursuant to a resolution passed at the meeting of the Board of the Company on April 04, 2014 the Non-Executive Independent Directors will be paid ₹ 3,000 sitting fee for all Board / Committee meetings held.

Compensation paid to Directors for the last completed financial year (i.e. Year ended March 31, 2014)

Sr. No.	Name of Executive Director	Remuneration (₹)	Sitting Fees (₹)	Other Fees (₹)	Total Fees Paid (₹)
1.	Jyotiprasad Chiripal	60,00,000	Nil	Nil	60,00,000
2	Mahavirsingh Yadav	3,40,273	Nil	Nil	3,40,273

Shareholding of the Directors

None of the Directors of our Company hold any shares of the Company.

Interest of the 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 or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, 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 allotted to the companies in which they are interested as Directors, Members, and Promoters, pursuant to this Issue. 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 stated in this section “Our Management” or the section titled “Related Party Transactions” on page no. 143 of this Prospectus, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two years of the date of this Prospectus. Our Company has not taken any property on lease from our Promoter(s) within two years of the date of this Prospectus.

Changes in the Board of Directors in the last 3 years

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

Sr. No.	Name of Director	Date Of Appointment	Date Of Cessation	Reason for change
1.	Mr. Arakhita Khandual	31.03.2014	-	Appointment as Director
2.	Mrs. Binaben Khatri	31.03.2014	-	Appointment as Director
3.	Mr. Arakhita Khandual	-	31.03.2014	Resignation as Director
4.	Mrs. Binaben Khatri	-	31.03.2014	Resignation as Director
5.	Vinodkumar Shah	-	04.04.2014	Resignation as Director
6.	Mr. Mahavirsingh Yadav	-	04.04.2014	Resignation as Director
7.	Mr. Arakhita Khandual	04.04.2014	-	Appointment as Additional Director
8.	Mrs. Nitika Chiripal	04.04.2014	-	Appointment as Additional Director
9.	Mr. Gautam C. Gandhi	04.04.2014	-	Appointment as Additional Director

CORPORATE GOVERNANCE

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

Board Composition

The Board of Directors of our Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 52 of the Listing Agreement. There are 4 Directors on our Board of which 2 i.e. not less than 50% comprises of Non-Executive and Independent Directors in accordance with the requirement of clause 52 of the listing agreement of the Stock Exchanges.

Sr. No.	Name of Director	Nature of Directorship
1.	Mr. Jyotiprasad Chiripal	Chairman Managing Director (Executive Non-Independent)
2.	Mrs. Nitika Chiripal	Non-Executive Non-Independent Director
3.	Mrs. Arakhita Khandual	Non-Executive Independent Director
4.	Mr. Gautam C. Gandhi	Non-Executive Independent Director

The Chairman of the Board is an executive and non-independent Director. The Board of Directors comprise 4 directors, of which 2 are Independent Directors.

In accordance with Clause 52 of the Listing Agreement, our Company has constituted the following committees:

1. Audit Committee

The Audit Committee of our Board was reconstituted by our Directors by a board resolution dated April 04, 2014 pursuant to section 177 of the Companies Act, 2013. The Audit Committee comprises of:

Name of the Member	Nature of Directorship	Designation in Committee
Mr. Arakhita Khandual	Non-Executive Independent Director	Chairman
Mr. Gautam C. Gandhi	Non-Executive Independent Director	Member
Mrs. Jyotiprasad Chiripal	Executive Non-Independent Director	Member

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

1. Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

14. Discussion with internal auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism,.
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation (ii): If the Issuer has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

The Audit Committee enjoys following powers:

- a. To investigate any activity within its terms of reference,
- b. To seek information from any employee
- c. To obtain outside legal or other professional advice, and
- d. To secure attendance of outsiders with relevant expertise if it considers necessary.
- e. The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Issuer. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee.

The Audit Committee shall mandatorily review the following information:

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

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

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

Meeting of Audit Committee

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present. Since the formation of the committee, no Audit Committee meetings have taken place.

2. Stakeholders Relationship Committee

The Shareholder and Investor Grievance Committee of our Board were reconstituted by our Directors pursuant to section 178 (5) of the Companies Act, 2013 by a board resolution dated April 04, 2014. The Shareholder and Investor Grievance Committee comprises of:

Name of the Member	Nature of Directorship	Designation in Committee
Mr. Arakhita Khandual	Non-Executive Independent Director	Chairman
Mr. Gautam C. Gandhi	Non-Executive Independent Director	Member
Mrs. Nitika Chiripal	Non-Executive Non-Independent Director	Member

This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:

1. Allotment and listing of our shares in future
2. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
4. Reference to statutory and regulatory authorities regarding investor grievances;
5. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
6. And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

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

Quorum and Meetings

The quorum necessary for a meeting of the Stakeholders Relationship Committee shall be two members or one third of the members, whichever is greater. Since the formation of the committee, no Stakeholders Relationship Committee meetings have taken place.

Policy on Disclosures & Internal procedure for prevention of Insider Trading

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

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

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of our Board was reconstituted by our Directors pursuant to section 178 of the Companies Act, 2013 by a board resolution dated April 04, 2014.

The Nomination and Remuneration Committee currently comprises of:

Name of the Member	Nature of Directorship	Designation in Committee
Mr. Gautam C. Gandhi	Non-Executive Independent Director	Chairman
Mr. Arakhita Khandual	Non-Executive Independent Director	Member
Mrs. Nitika Chiripal	Non-Executive Non-Independent Director	Member

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

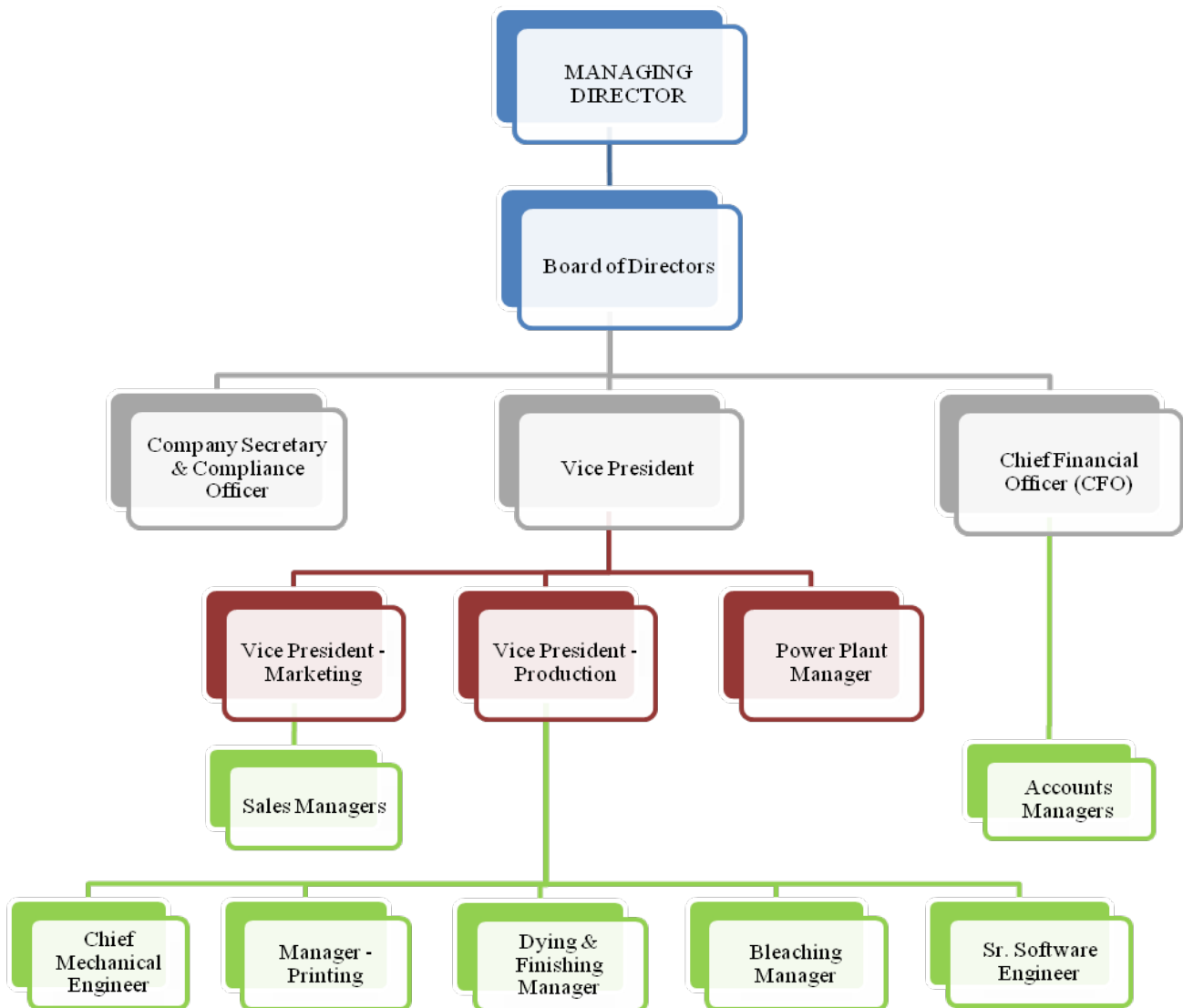
- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;
- c) Devising a policy on Board diversity
- d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report

Quorum and Meetings

The quorum necessary for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members, whichever is greater. The Committee is required to meet at least once a year.

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

MANAGEMENT ORGANISATION CHART



Key Managerial Personnel

The following table sets forth the Key Managerial Personnel and their significant details:

Name of Employee	Designation & Functional Area	Date of Joining	Current C.T.C (₹ in lakhs)	Qualification	Name of Previous Employer(s)	Total years of Experience
Mr. Vinodkumar Ajmera	Vice President	25/12/2004	20.64	ACA, ACS	<ul style="list-style-type: none"> Bajaj Consumer Care Ltd. RPL (India) Ltd. 	31 years
Mr. Mahesh Kawat	Chief Financial Officer	02/11/1993 ¹	4.81	Bachelor of Laws	Nil	20 years
Ms. Poonam Pabla	Company Secretary and Compliance Officer	18/07/2013 ²	2.35	Company Secretary (ACS)	<ul style="list-style-type: none"> Chirag Shah & Associates 	2 years (including Internship)
Mr. Anand Arora	Vice President – Production	10/01/2000	8.55	M.Sc. Chemistry, Diploma in Business Administration, Associate of the Textile Association	<ul style="list-style-type: none"> Akash Fashion Prints Mahalaxmi Fabric R.K Taneja Fabric 	20 years
Mr. Pawan Chaplot	Vice President – Marketing	01/05/2008	4.16	Post Graduation in Business Administration	<ul style="list-style-type: none"> Modern Terry Towels Ltd. Ganesh Filaments Ashok Fashions Ltd. K. L Fabrics Prem Industries Gautam Processors India Ltd. Modern Suitings Ltd. 	34 years
Mr. Ratilal Solanki	Power Plant Manager	01/04/2003	7.05	Diploma in Mechanical Engineering	<ul style="list-style-type: none"> Zambia Sugar Factory Vaishanavi Sugar Pvt. Ltd. Baroda Sugar Industry Talala Sugar Factory Reliance Industries Pvt. Ltd. Gujarat Carbon Ltd. New Shorock Textile Mill Charotar Sahakari Khand Udyog 	38 years
Mr. Harsh Dubey	Sales Manager	25/12/2004	6.80	B.Com from Gujarat University	Nil	10 years
Mr. Ramkrishna Jaiswal	Printing Manager	17/05/2005	6.91	B. Sc in Maths	<ul style="list-style-type: none"> Gopi Synthetic Ltd. Shanti Process Ltd. Creative Process 	20 years

Name of Employee	Designation & Functional Area	Date of Joining	Current C.T.C (₹ in lakhs)	Qualification	Name of Previous Employer(s)	Total years of Experience
					Ltd. • Karma Process Pvt. Ltd. • East India Mills Ltd.	
Mr. Lokendrasingh Shekhawat	Dying & Finishing Manager	01/08/2011	6.87	B.Sc	• Anjani Fabrics Ltd. • Anjani Synthetics Mills Ltd. • Durga Processor Pvt. Ltd.	20 years
Mr. Pratik Upadhyay	Sr. Software Eng	01/07/2006	3.26	B.Com from Gujarat University	• SMG Infosolutions Pvt. Ltd. • Divya Bhaskar • Silicon Systems	10 years
Mr. Jigar Tevar	Chief Mechanical Engineer	01/10/2010	5.86	Diploma in Mechanical Engineering	• Bharat Vijay Mills Ltd. • Soma Textile • Mangle Textile Industries • Mafatlal Industries Ltd. • Dhall ETP & Engineering Ltd. • A. K. Steel Industries	15 years

¹ Mr. Mahesh Kawat was appointed as 'Account Manager' in our company on November 02, 1993 and was re-designated as 'Chief Financial Officer' vide Board resolution dated April 04, 2014 as per Section 203 of the Companies Act, 2013.

² Ms. Poonam Pabla was appointed in our company on July 18, 2013 and was re-designated as 'Company Secretary and Compliance Officer' vide Board resolution dated March 04, 2014.

The aforementioned KMP are on the payrolls of our Company as permanent employees.

Also, they are not related parties as per the Accounting Standard 18.

Relationship amongst the Key Managerial Personnel

None of the aforementioned KMP are related to each other.

Also, none of them have been selected pursuant to any arrangement/understanding with major shareholders/ customers/ suppliers.

Shareholding of Key Managerial Personnel

None of the KMP in our Company holds any shares of our Company as on the date of this Prospectus.

Interest of Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company, other than to the extent of remuneration of benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. Further, if any Equity Shares are allotted to our Key Managerial Personnel prior to/ in terms of this Issue, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same.

Bonus or Profit Sharing Plan for the Key Managerial Personnel during the last three years

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

Loans taken by Key Management Personnel

None of our Key Managerial Personnel have taken any loan from our Company.

Employee Share Purchase and Employee Stock Option Scheme

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

Payment or Benefit to our Officers

Except for the payment of salaries and yearly bonus, if any, we do not provide any other benefits to our employees.

Changes in the Key Managerial Personnel in the three years preceding the date of filing this Prospectus

Name	Designation	Date of Joining	Date of Leaving	Reason
Mr. Lokendrasingh Shekhawat	Dying & Finishing Manager	August 01, 2011	-	Appointment
Ms. Poonam Pabla	Company Secretary	July 18, 2013	-	Appointment
Ms. Poonam Pabla	Company Secretary and Compliance Officer	March 04, 2014		Change in Designation
Mr. Mahesh Kawat*	Chief Financial Officer (CFO)	April 04, 2014	-	Change in Designation

* Mr. Mahesh Kawat was appointed as 'Account Manager' in our company on November 01, 1993 and was re-designated as 'Chief Financial Officer' vide Board resolution dated April 04, 2014 as per Section 203 of the Companies Act, 2013.

OUR PROMOTERS AND PROMOTER'S GROUP

OUR PROMOTERS

Chiripal Industries Limited is the Promoter of our Company and it holds 65.63% of the pre-issue paid-up Equity Share Capital of our Company.

CHIRIPAL INDUSTRIES LIMITED (hereinafter referred to as "CIL")

Name	Chiripal Industries Limited
Permanent Account Number	AAACC8513B
Company Registration Number	U17110GJ1988PLC010634
Address of ROC with which the company was registered	ROC Bhavan , Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380013
Bank Account Number	00000010301048006
Name of the Bank and Branch	State Bank of India Commercial Branch, Ahmedabad

Brief History and Background

The Company was incorporated as Chiripal Twisting and Sizing Private Limited under the Companies Act, 1956 on April 27, 1988 at Ahmedabad with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli vide registration No. 04-10634 of 1988-89, with our registered office at 283, New Cloth, Ahmedabad 380002. Subsequently, Registered Office has been shifted once and is currently at Survey No. 199, 200/1 and 200/2, Saijpur - Gopalpur Road, Piplej, Ahmedabad - 382 405.

The Company was converted from Private to Public and the name of the company was changed from Chiripal Twisting and Sizing Private Limited to Chiripal Twisting and Sizing Limited with a Fresh Certificate of Incorporation consequent to change of name dated October 23, 2003.

Subsequently, the name of our Company was changed to Chiripal Petrochemicals Limited vide Fresh Certificate of Incorporation consequent to change of name dated January 7, 2004. Consequent upon amalgamation with Shanti Processors Limited and Priti Processors Private Limited, the name of our Company was further changed to its present name vide Fresh Certificate of Incorporation consequent to change of name dated April 13, 2006.




The registered office of Chiripal Industries Limited is at Survey No. 199, 200/1 & 200/2, Saijpur – Gopalpur Road, Piplej, Ahmedabad – 382405 Gujarat, and the Corporate Office is at Chiripal House, Shivranjani Cross Roads, Satellite, Ahmedabad – 380015, Gujarat.

We confirm that the PAN, Bank account Number, Company registration number, and the address of the ROC Office with which the company is registered have been submitted to the Stock Exchanges at the time of filing of the Draft Prospectus with the Stock Exchange.

Natural Persons in Control of Chiripal Industries Limited



Mr. Vedprakash Chiripal
PAN: AAHPC2102Q
Passport No.: Z1738229

	Mr. Jyotiprasad Chiripal PAN: AAJPA4565D Passport No.: J2972642
	Mr. Jaiprakash Chiripal PAN: AAJPA4564C Passport No.: Z1735108
	Mr. Brijmohan Chiripal PAN: ACCPA7904K Passport No.: Z2305826

Board of Directors of CIL as on March 31, 2014

Sr. No.	Name of Director	Designation
1.	Vedprakash Devkinandan Chiripal	Managing Director
2.	Jaiprakash Devkinandan Chiripal	Whole Time Director
3.	Rajesh Premchand Bindal	Executive Director
4.	Jyotiprasad Devkinandan Chiripal	Non-Executive Non-Independent Director
5.	Jawahar Lal Goel	Non-Executive Non-Independent Director
6.	Ambalal Chhitabhai Patel	Independent Director
7.	Sanjiv Kumar Sachdev	Nominee Director (IDBI)

Shareholding Pattern of CIL as on March 31, 2014

Sr. No.	Name of Shareholder	No. of Equity Shares Held	Shareholding (%)
A.	Promoters		
1.	Vedprakash D Chiripal	24,18,750	9.93
2.	Jyotiprasad D. Chiripal	26,18,250	10.75
3.	Jayprakash D. Chiripal	23,12,000	9.50
4.	Brij Mohan D. Chiripal	20,38,750	8.37
5.	Savitridevi V. Chiripal	1,66,250	0.68
6.	Urmiladevi J. Chiripal	1,18,750	0.49
7.	Manjudevi J. Chiripal	1,04,750	0.43
8.	Vedprakash Chiripal HUF	6,18,750	2.54
9.	Jyotiprasad D. HUF	6,18,750	2.54
10.	Jaiprakash D HUF	6,18,750	2.54
11.	Brijmohan D HUF	6,18,750	2.54
12.	Kavita Chiripal	2,36,250	0.97
13.	Shaloo Chiripal	32,500	0.13

14	Shivani V. Chiripal	1,18,750	0.49
15	Vishal V. Chiripal	6,71,600	2.76
16	Deepak j Chiripal	1,09,475	0.45
17	Nishi J Chiripal	68,750	0.28
18	Nidhi J. Chiripal	6,18,750	2.54
19	Ronak B Chiripal	3,70,825	1.52
20	Vansh J. Chiripal	2,25,000	0.92
21	Pritidevi B. Chiripal	1,57,500	0.65
22	Vineeta V. Chiripal	1,49,750	0.62
23	Nitika D. Chiripal	1,67,050	0.69
24	Navin S. Sarogi	36,475	0.15
25	Sparrow Exports Pvt. Ltd.	2,24,250	0.92
26	Chiripal Textile Mills Pvt. Ltd.	70,250	0.29
27	Shanti Exports Pvt. Ltd.	38,250	0.16
28	Chiripal Enterprises Ltd.	2,61,750	1.07
29	Shanti Educational Initiatives Ltd.	1,56,600	0.64
30	Vishal Fabrics Ltd.	20,250	0.08
	Total (A)	1,59,86,525	65.66
B.	Others (B)	83,62,391	34.34
	TOTAL (A+B)	2,43,48,916	100.00

Brief Audited Financials of CIL

(₹ in Lakhs)

Particulars	As at March 31		
	2014	2013	2012
Equity Capital	2,434.89	2,434.89	2,434.89
Reserves (excluding revaluation reserve) and Surplus	23,961.04	22,228.62	20,859.07
Net Worth*	26,395.93	24,660.98	23,285.51
Income including other income	76,082.66	66,763.31	62,795.08
Profit/ (Loss) after tax	1,721.87	1,369.55	950.19
Earnings per share (face value of ₹ 10 each)	7.11	5.62	4.17
Net asset value per share	108.47	101.28	95.63

* Net Worth Calculated after deducting unamortised / miscellaneous expenses not w/o, if any

Changes in the Management and Control

There has been no change in control of the management of Chiripal Industries Limited in the three years preceding the date of this Prospectus.

Outstanding Litigation

There is no outstanding litigation against our Promoters except as disclosed in the sections titled “Risk Factors” and chapter titled “Outstanding Litigations and Material Developments” beginning on pages 9 and 157 respectively of this Prospectus.

Experience of Promoters in the line of business

The Promoter of our Company is our Holding Company and is engaged in the same line of business.

Further, the natural persons in control of our Promoter namely, Mr. Vedprakash Chiripal, Mr. Jaiprakash Chiripal, Mr. Jyotiprasad Chiripal and Mr. Brijmohan Chiripal have 39 years, 25 years, 28 years and 20 years of relevant industry experience, respectively. Mr. Jyotiprasad Chiripal is the Managing Director of our Company. The company shall also endeavour to ensure that relevant professional help is sought as and when required in the future.

Interest of Promoters in our Company other than as Promoters

Other than as Promoter, our Promoter is interested in our Company to the extent of its shareholding in our Company and the dividend declared, if any, by our Company.

Except as mentioned in this chapter and the chapters titled “*Our Business*”, “*History and Certain Corporate Matters*”, “*Financial Indebtedness*” and “*Financial Statements - Annexure XXIII*” on pages 73, 94, 154 and 143, respectively, of this Prospectus, our Promoters do not have any interest in our Company other than as promoters.

Common Pursuits of our Promoters

Our Promoter Company is currently engaged in businesses similar to ours. Further, CIL is our Holding Company and has been authorised by its Memorandum of Association to undertake activities which are similar to ours.

Our Company has not adopted any measures for mitigating such conflict situations. However, our Company believes that all such transactions have been conducted on the arms length basis. For further details on the related party transactions, to the extent of which our Company is involved, please see the “*Annexure XXIII - Related Party Transactions*” beginning on page 143 of this Prospectus.

Interest of Promoters in the Promotion of our Company

Our Company is promoted by the promoter in order to carry on its present business. Our Promoter is interested in our Company as mentioned above in this chapter, under the heading “*Common Pursuits of our Promoters*” and to the extent of their shareholding in our Company and the dividend declared, if any, by our Company.

Interest of Promoters in the Property of our Company

Our Promoter has confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of this Prospectus or proposed to be acquired by our Company as on the date of this Prospectus.

Further, we confirm that our Promoter does not have any interest in any transactions in the acquisition of land, construction of any building or supply of any machinery.

Payment of Amounts or Benefits to our Promoters or Promoter Group during the last two years

Except as stated in “*Financial Statements – Annexure XXIII*” on page 143 of this Prospectus, no amount or benefit has been paid by our Company to our Promoters or the members of our Promoter Group in the last two years preceding the date of this Prospectus.

Other Confirmations

Except as stated elsewhere in this Prospectus, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

Further, except as disclosed in the chapter titled “*Our Promoter and Promoter Group*” on page 109 and “*Our Group Companies*” beginning on page 114 of this Prospectus, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

There has been no change in the control or management of CIL in the preceding three years prior to the date of this Prospectus.

Companies with which the Promoters are disassociated in the last three years

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

Name of the Company	No. of Shares Held	Face Value (₹)	No. of Shares Sold / Transferred	Date of Transfer	Reason for Disassociation
Chiripal Lifestyle Limited	49,994	10	49,994	25.02.2013	Sale of Shares

OUR PROMOTER'S GROUP

Our Promoter, Chiripal Industries Limited, is a Corporate Promoter and hence our Promoter Group under Regulation 2(1)(zb) of the SEBI Regulations are as follows:

Sr. No.	Relationship with Corporate Promoter	Name of Promoter Group Entity
(A)	a subsidiary or holding company of such body corporate;	1. Chiripal Industries Limited
(B)	Any, body corporate in which the promoter holds ten per cent. or more of the equity share capital or which holds ten per cent. or more of the equity share capital of the promoter;	2. Nandan Denim Limited 3. CIL Nova Petrochemicals Limited 4. Kautilya Traders Private Limited
(C)	Any, body corporate in which a group of individuals or companies or combinations thereof which hold twenty per cent. or more of the equity share capital in that body corporate also holds twenty per cent. or more of the equity share capital of the issuer;	5. Chiripal Infrastructure Limited 6. Nova Textiles Private Limited 7. Shanti Exports Private Limited 8. Shanti Educational Initiatives Limited 9. Vraj Mega Food Park Limited
(D)	Other Persons, Firms or Companies whose shareholding is aggregated for the purpose of disclosing in the Prospectus under the heading "Shareholding of Promoter Group".	10. Chiripal Exim LLP 11. Devkinandan Corporation LLP 12. Preetidevi Agarwal 13. Nishi Agarwal 14. Shivani Chiripal 15. Shaloo Agarwal 16. Priyanka Chiripal 17. Savitridevi Vedprakash Chiripal 18. Vishal Chiripal 19. Deepak Agarwal 20. Manjudevi Agarwal 21. Ronak Agarwal 22. Urmila Agarwal 23. Vedprakash Brijmohan HUF

CIL is neither a sick company within the meaning of SICA nor has any winding up proceedings been initiated against CIL.

No application has been made to RoC for striking off its name. Additionally, neither CIL nor any of our Group Companies have become defunct in the five years preceding the date of the Prospectus.

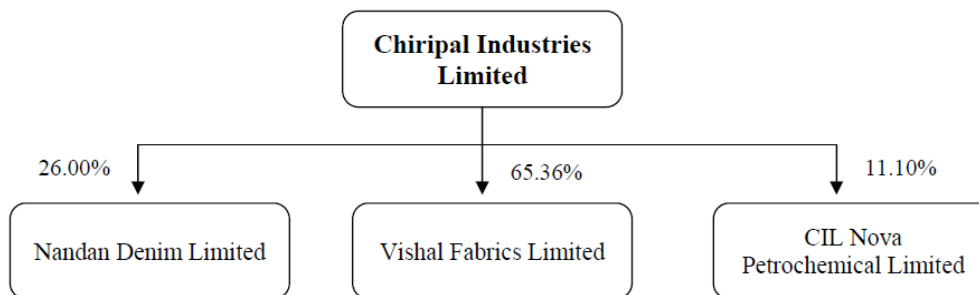
Our Promoters, the members of our Group Companies and relatives of our Promoters (as per the Companies Act) have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.

No violations of securities laws have been committed by our Promoters or members of our Promoter Group or any Group Companies in the past or are currently pending against them except as stated under chapters "Risk Factors", "Our Group Companies" and "Outstanding Litigations and Material Developments" on pages 9, 114 and 157 of this Prospectus, respectively.

None of (i) our Promoters, Promoter Groups or Group Companies or persons in control of or on the boards of bodies corporate forming part of our Group Companies (ii) the Companies with which any of our Promoters are or were associated as a promoter, director or person in control, are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad except as stated under chapters "Risk Factors", "Our Group Companies" and "Outstanding Litigations and Material Developments" on pages 9, 114 and 157 of this Prospectus, respectively.

OUR GROUP COMPANIES

Vishal Fabrics Group / Holding Structure



As mentioned in the above diagram, the following are the Companies Promoted by our Promoter which forms our Group Companies.

Listed Group Companies

- I. Nandan Denim Limited
- II. CIL Nova Petrochemicals Limited

Unless otherwise stated none of the companies forming part of the Group Companies, is a sick company under the meaning of SICA and none of them are under winding up.

FINANCIAL INFORMATION OF GROUP ENTITIES

As per Schedule VIII (IX)(C)(2) of the SEBI (ICDR) Regulations 2009, the financial information of our Listed Group Companies on the basis of Market Capitalization are given below:

I. NANDAN DENIM LIMITED. (“NDL”) (Formerly known as “Nandan Exim Limited”)

Incorporation	The Company was originally incorporated as Nandan Exim Private Limited under the Companies Act on August 09, 1994 in the state of Gujarat. It was converted into a limited company vide fresh certificate of incorporation w.e.f January 16, 2004. The name of the company was changed to Nandan Denim Limited pursuant to which a fresh certificate of incorporation was issued on September 03, 2013 by the Registrar of Companies Gujarat, Dadra and Nagar Haveli.
CIN	L51909GJ1994PLC022719
Registered Office	Survey No. 198/1, 203/2, Saijpur-Gopalpur, Pirana Road, Piplej, Ahmedabad 382 405.
Corporate Office	“Chiripal House” Behind Arjun Tower, 132 Ft, Ring Road, Shivranjani Cross Roads, Satellite Road, Ahmedabad 380 015.
Nature of Business	Nandan Denim Limited is engaged in the business of manufacturing of Denim & Weaving and is a listed arm of Chiripal group. The main products being manufactured by NDL are Grey Fabric and Denim. Denim Fabrics woven at NDL are either made up of 100% cotton yarn or mixed with Lycra, Polyester, etc in weft depending upon the market requirement. The Company has also forayed into Ready Made Garment segment.
Registrar of Companies	Gujarat, Dadra & Nagar Haveli, ROC Bhavan, CGO Complex, Opp. Rupal Park Society, Near Ankur Bus Stand, Naranpura, Ahmedabad – 380 013

Details of Listing of NDL

Year of Initial Listing	June 13, 2005
Name of the Stock Exchanges where currently listed	BSE and NSE
Details of public offerings in last 3 Years	None
Date of opening and closing of Issue	N. A.
Date of Allotment	N. A.

Face Value (₹)	10/-
Listing Code	BSE: 532641 NSE: NDL

Board of Directors as on March 31, 2014

Sr. No.	Name	Designation
1.	Vedprakash Devkinandan Chiripal	Chairman
2.	Brijmohan Devkinandan Chiripal	Managing Director
3.	Ambalal Chhitabhai Patel	Independent Director
4.	Gautam Chandrakant Gandhi	Independent Director
5.	Tara Sankar Sudhir Bhattacharaya	Independent Director

Shareholding Pattern of NDL as on March 31, 2014

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	7	55,34,302	55,34,302	12.15	12.15	25,00,000	45.17
Bodies Corporate	4	2,08,75,067	2,08,75,067	45.83	45.83	1,69,90,000	81.39
Sub Total	11	2,64,09,369	2,64,09,369	57.98	57.98	1,94,90,000	73.80
(2) Foreign	-	-	-	-	-	-	-
Total shareholding of Promoter and Promoter Group (A)	11	2,64,09,369	2,64,09,369	57.98	57.98	1,94,90,000	73.80
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	-	-	-	-	-	-	-
Central Govt. / State Govt.(s)	1	5,500	5,500	0.01	0.01	0	0.00
Financial Institutions / Banks	-	-	-	-	-	-	-
Foreign Institutional Investors	1	20,31,814	20,31,814	4.46	4.46	0	0.00
Sub Total	2	20,37,314	20,37,314	4.47	4.47	0	0.00
(2) Non-Institutions							
Bodies Corporate	364	62,26,008	62,26,008	13.67	13.67	0	0.00
Individuals							
Individual shareholders holding nominal share capital up to ₹ 1 lakh	35,315	79,79,460	79,63,858	17.52	17.52	0	0.00
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	72	17,28,285	17,28,285	3.79	3.79	0	0.00
Any Others (Specify)	143	11,68,620	11,68,620	2.57	2.57	0	0.00
Non Resident Indians	143	11,68,620	11,68,620	2.57	2.57	0	0.00
Sub Total	35,894	1,71,02,373	1,70,86,771	37.55	37.55	0	0.00
Total Public shareholding (B)	35,896	1,91,39,687	1,91,24,085	42.02	42.02	0	0.00
Total (A)+(B)	35,907	4,55,49,056	4,55,33,454	100.00	100.00	1,94,90,000	42.79
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
Total (A)+(B)+(C)	35,907	4,55,49,056	4,55,33,454	-	100.00	1,94,90,000	42.79

Brief Audited Financials of NDL

(₹ in Lakhs)

Particulars	As at March 31		
	2014	2013	2012
Equity Capital	4,554.91	4,554.91	4,554.91
Reserves (excluding revaluation reserve) and Surplus	17,095.70	13,804.21	11,338.37
Net Worth*	21,650.61	18,359.12	15,893.28
Income including other income	89,774.10	70,464.74	57,438.11
Profit/ (Loss) after tax	3,931.00	3,105.32	1,879.33
Earnings per share (face value of ₹ 10 each)	8.63	6.82	4.13
Net asset value per share	47.53	40.31	34.89

* Net Worth Calculated after deducting unamortised / miscellaneous expenses not w/o, if any

The Stock Market data of NDL at BSE (Scrip Code: 532641)

Month	High (₹)	Low (₹)	No. of Shares Traded	Total Turnover (₹ in Lakhs)
June 2014	47.35	36.00	41,69,770	1,732.33
May 2014	40.60	32.55	36,67,427	1,357.64
April 2014	39.70	33.50	30,26,038	1,083.33
March 2014	38.70	27.20	35,19,654	1,202.40
February 2014	31.30	28.00	26,94,158	786.65
January 2014	30.40	28.00	32,17,171	933.47

(Source: www.bseindia.com)

The Stock Market data of NDL at NSE (Scrip ID: NDL)

Month	High (₹)	Low (₹)	No. of Shares Traded	Total Turnover (₹ in Lakhs)
June 2014	47.50	35.70	30,63,057	1,293.66
May 2014	41.00	33.40	20,79,364	779.52
April 2014	37.95	33.30	11,82,952	424.20
March 2014	39.60	27.80	20,13,094	694.99
February 2014	31.80	26.70	10,92,355	318.98
January 2014	31.25	22.65	14,23,008	412.55

(Source: www.nseindia.com)

Past Penalties and Listing Compliances:

NDL has not faced any suspension on the BSE and NSE for any listing agreement non-compliance.

Mechanism for redressal of Investor Grievance

NDL has appointed Datamatics Financial Services Limited as the Registrar and Transfer Agent, who has been entrusted with responsibility of redressal of investor grievances and servicing the investors.

Besides, the Board has constituted the Shareholders' Grievance Committee as per the guidelines set out in listing agreement that inter alia includes redressing investors' complaints regarding transfer of shares, non-receipt of any correspondence from the Company etc. The Committee also oversees the performance of the Registrar & Transfer Agents and recommends measures for the overall improvement of the quality of the investor services.

As on March 31, 2014 there were no Investor Grievances pending against NDL.

FY 2011-2012

During this year, NDL received 1 reference from the investors, which was resolved / addressed till March 31, 2012.

FY 2012-2013

During this year, NDL received 3 references from the investors, which were resolved / addressed till March 31, 2013.

FY 2013-2014

During this year, NDL received 3 references from the investors, which were resolved / addressed till March 31, 2014.

Further, there are no investor complaints pending in the listed group company.

Other Disclosures:

The Equity Shares of NDL are listed on the BSE and NSE and it has not made any public / rights issue in the last three (3) years.

NDL is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. Further, NDL neither has a negative net-worth nor has made a loss in the immediately preceding year.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

II. CIL NOVA PETROCHEMICALS LIMITED (“CNPL”)

Incorporation	CIL Nova Petrochemicals Limited was originally incorporated on December 17, 2003 under the Companies Act, 1956 as Nova Polyyarn Limited. The Honourable High Court of Gujarat at Ahmedabad by its order dated August 27, 2009 has approved the scheme of arrangement in the nature of demerger amongst Nova Petrochemicals Limited (New name GSL Nova Petrochemicals Limited) and Nova Polyyarn Limited (New name CIL Nova Petrochemicals Limited) and their respective share holders and creditors. Pursuant to the scheme the name of the Company was change from Nova Polyyarn Limited to CIL Nova Petrochemicals Limited pursuant to which a fresh certificate of incorporation was issued on October 19, 2009 by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli.
CIN	L17111GJ2003PLC043354
Registered Office	Survey No. 396 (P), 395/4(P), Moraiya Village, Sarkhej – Bavla Highway, Tal. Sanand, Ahmedabad - 382210.
Corporate Office	“Chiripal House” Behind Arjun Tower, 132 Ft, Ring Road, Shivranjani Cross Roads, Satellite Road, Ahmedabad 380 015.
Nature of Business	CIL Nova Petrochemicals Limited is engaged in the business of selling, marketing, producing, manufacturing of polyester chips, partially oriented yarn, fully drawn yarn and allied products. However the erstwhile Company had not commenced any business activity since its incorporation. The business of the Company has commenced pursuant to Scheme of Demerger with appointed date 1st April 2007.
Registrar of Companies	Gujarat, Dadra & Nagar Haveli, ROC Bhavan, CGO Complex, Opp Rupal Park Society, Near Ankur Bus Stand, Naranpura, Ahmedabad – 380 013

Details of Listing of CNPL

Year of Initial Listing	May 23, 2011
Name of the Stock Exchanges where currently listed	BSE and NSE*
Details of public offerings in last 3 Years	None
Date of opening and closing of Issue	N. A.
Date of Allotment	N. A.
Face Value (₹)	10/-
Listing Code	BSE: 533407 NSE: CNOVAPETRO

* Ahmedabad Stock Exchange Limited (ASEL) has vide its letter dated March 31, 2014 with Ref No. 932 has approved the delisting of the company from its Exchange.

Board of Directors as on March 31, 2014

Sr. No	Name	Designation
1.	Vedprakash Devkinandan Chiripal	Managing Director
2.	Jyotiprasad Devkinandan Chiripal	Director
3.	Ambalal Chhitabhai Patel	Independent Director
4.	Murlimanohar Raghunandan Goyal	Independent Director
5.	Rajendraprasad Jethalal Shah	Independent Director

Shareholding Pattern of NDL as on March 31, 2014

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A + B + C)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							

(1) Indian							
Individuals / Hindu Undivided Family	22	58,57,229	58,57,229	43.23	43.23	95,310	1.63
Bodies Corporate	7	28,00,407	28,00,407	20.66	20.66	2,52,258	9.01
Sub Total	29	86,57,636	86,57,636	63.89	63.89	3,47,568	4.01
(2) Foreign	-	-	-	-	-	-	-
Total shareholding of Promoter and Promoter Group (A)	29	86,57,636	86,57,636	63.89	63.89	3,47,568	4.01
(B)Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	-	-	-	-	-	-	-
Central Govt. / State Govt.(s)	-	-	-	-	-	-	-
Financial Institutions / Banks	1	300	300	0.00	0.00	0	0.00
Foreign Institutional Investors	-	-	-	-	-	-	-
Sub Total	1	300	300	0.00	0.00	0	0.00
(2) Non-Institutions							
Bodies Corporate	136	33,52,893	33,51,000	24.74	24.74	0	0.00
Individuals							
Individual shareholders holding nominal share capital up to ₹ 1 lakh	5,970	9,53,471	6,70,210	7.04	7.04	0	0.00
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	14	2,73,049	2,73,049	2.02	2.02	0	0.00
Any Others (Specify)	293	3,12,651	1,14,154	2.31	2.31	0	0.00
Clearing Members	34	12,015	12,015	0.09	0.09	0	0.00
Non Resident Indians	257	2,95,636	97,136	2.18	2.18	0	0.00
Overseas Corporate Bodies	1	2,500	2,500	0.02	0.02	0	0.00
Trusts	1	2,500	2,500	0.02	0.02	0	0.00
Sub Total	6,413	48,92,064	44,08,410	36.10	36.10	0	0.00
Total Public shareholding (B)	6,414	48,92,364	44,08,710	36.11	36.11	0	0.00
Total (A)+(B)	6,443	1,35,50,000	1,30,66,346	100.00	10.00	3,47,568	2.57
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
Total (A)+(B)+(C)	6,443	1,35,50,000	1,30,66,346		100.00	3,47,568	2.57

Brief Audited Financials of CNPL

(₹ in Lakhs)

Particulars	As at March 31		
	2014	2013	2012
Equity Share Capital	1,355.00	1,355.00	1,355.00
Face Value*	10/-	5/-	5/-
Preference Share Capital (F. V. ₹100/-)	500.00	500.00	500.00
Reserves (excluding revaluation reserve) and Surplus	3,542.85	3,252.90	2,976.37
Net Worth**	5,397.85	5,107.90	4,831.37
Income including other income	31,793.90	29,707.59	32,449.51
Profit/ (Loss) after tax	289.95	276.52	472.68
Earnings per share [@]	2.14	1.02	1.74
Net asset value per share [#]	36.15	17.00	15.98

* CNPL Consolidated the Equity Shares of ₹5/- each to Equity Shares of ₹10/- each in the F.Y. 2013-14

** Net Worth Calculated after deducting unamortised / miscellaneous expenses not w/o, if any

[@] EPS is calculated on PAT minus Preference Dividend and Tax thereon, if any

[#] NAV per share does not include Preference Share Capital and Share Application Money

The Stock Market data of CNPL at BSE (Scrip Code: 533407)

Month	High (₹)	Low (₹)	No. of Shares Traded	Total Turnover (₹ in Lakhs)
June 2014	31.50	23.25	21,639	5.80
May 2014	35.60	27.40	31,681	9.71
April 2014	31.15	24.00	12,499	3.42
March 2014	24.50	17.50	23,929	4.81
February 2014	18.50	16.25	8,513	1.53
January 2014	20.50	15.05	13,922	2.55

(Source: www.bseindia.com)

The Stock Market data of CNPL at NSE (Scrip ID: CNOVAPETRO)

Month	High (₹)	Low (₹)	No. of Shares Traded	Total Turnover (₹ in Lakhs)
June 2014	33.95	22.05	75,539	20.86
May 2014	34.94	27.00	15,229	4.70
April 2014	31.00	22.95	6,594	1.76
March 2014	24.00	18.00	5,239	1.15
February 2014	18.50	18.00	2,067	0.39
January 2014	N. A.	N. A.	N. A.	N. A.

(Source: www.nseindia.com)

* CNPL consolidated its Equity Shares from ₹ 5/- per share to ₹ 10/- per share and a new ISIN was assigned on December 27, 2013. Accordingly, trading in the shares commenced on or after January 01, 2014 due to which the Stock Price on the NSE website is available from the month of February 2014 onwards only.

Scheme of Arrangement

On November 21, 2007 Nova Petrochemicals Limited (hereinafter referred to as 'Nova') filed an application with High Court of Gujarat for considering the scheme of arrangement between Nova and Nova Polyyarn Limited (hereinafter referred to as 'NPL'). On November 26, 2007, the Hon'ble High Court of Gujarat directed that a meeting of the equity shareholders of Nova Petrochemicals Limited be held for considering the scheme of arrangement between Nova and NPL. The Hon'ble High Court of Gujarat by its order dated August 27, 2009 in Company Petition No. 2 and 3 of 2009, approved demerger scheme of NPL. According to the aforesaid order, NPL's name was changed to CIL Nova Petrochemicals Ltd (hereinafter referred to as 'CIL') which came into effect from October 19, 2009 when Registrar of Companies, Gujarat, Dadra and Nagar Haveli issued a fresh certificate of incorporation consequent upon the change of name.

Past Penalties and Listing Compliances:

1. On June 01, 2009 Securities and Exchange Board of India ("SEBI") issued a Show Cause Notice ("SCN") to Nova under Section 11, 11(4), 11B of Securities and Exchange Board of India Act, 1992 read with SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003 (hereinafter referred to as 'PFUTP') for alleged violation of Section 12A of PFUTP. The Company was advised to reply within 21 days of the receipt of SCN. Nova vide letter dated June 26, 2009 sought extension of one month to reply to the SCN, however it failed to reply to the SCN. Thereafter reminder letter dated July 13, 2009 and August 12, 2009 were issued to Nova to reply to the SCN. Again vide letter dated August 19, 2009 Nova sought extension till September 15, 2009, to file its submission, but failed to do so. The Whole Time Member of SEBI on January 12, 2010 passed an order restraining Nova from buying, selling and dealing or accessing the securities market directly or indirectly in any manner whatsoever for a period of two years from the date of the order. Nova filed an application with the Securities Appellate Tribunal on January 27, 2010 against the order of whole time member of SEBI passed on January 12, 2010. On June 07, 2010 the SAT dismissed the appeal of Nova. An oral prayer was made by Nova to stay the operation of the order to enable them to move the Supreme Court; the SAT directed that the operation of order shall remain in abeyance till July 12, 2010. Subsequently the SAT on July 12, 2010 dismissed the application of abeyance.

SEBI vide its letter dated April 07, 2011 granted permission for listing of shares of CIL on BSE Limited citing the reference of the order passed by The Hon'ble High Court of Gujarat on March 21, 2011 advising SEBI to list the

Shares of CIL by granting relaxation under rule 19(2)(B) of Securities Contracts (Regulation) Rules 1957. Further, SEBI clarified that, for any purpose other than listing, the SEBI order dated January 12, 2010 will be in operation.

2. CNPL has not faced any suspension on the BSE and NSE for any listing agreement non-compliance. However, CNPL, prior to the scheme of arrangement – the erstwhile Nova Petrochemicals Limited had received a Show Cause Notice dated September 10, 2009 for failure to make disclosure under regulation 7(3) and regulation 8(3) of the SEBI (SAST) Regulations, 1997. After the Scheme of Arrangement The company made a Consent Application vide its letter dated April 16, 2010 and the same was passed with a consent term of ₹ 10,00,000/- (₹ 5,00,000 payable by CIL Nova Petrochemicals Ltd. and GSL Nova Petrochemicals Ltd. each) on April 10, 2013.

Mechanism for redressal of Investor Grievance

CNPL has appointed Link Intime India Private Limited as the Registrar and Transfer Agent, who has been entrusted with responsibility of redressal of investor grievances and servicing the investors.

Besides, the Board has constituted the Shareholders' Grievance Committee as per the guidelines set out in listing agreement that inter alia includes redressing investors' complaints regarding transfer of shares, non-receipt of any correspondence from the Company etc. The Committee also oversees the performance of the Registrar & Transfer Agents and recommends measures for the overall improvement of the quality of the investor services.

As on March 31, 2014 there were no Investor Grievances pending against CNPL.

FY 2011-2012

During this year, CNPL received 1 reference from the investors, which was resolved / addressed till March 31, 2012.

FY 2012-2013

During this year, CNPL received 1 reference from the investors, which was resolved / addressed till March 31, 2013.

FY 2013-2014

During this year, CNPL did not receive any reference from the investors.

Further, there are no investor complaints pending in the listed group company.

Other Disclosures:

The Equity Shares of CNPL are listed on the BSE and NSE and it has not made any public / rights issue in the last three (3) years.

CNPL is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up. Further, CNPL neither has a negative net-worth nor has made a loss in the immediately preceding year.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

NATURE AND EXTENT OF THE INTEREST OF THE GROUP COMPANIES IN OUR COMPANY

In the promotion of our Company

None of the Group Companies have any interest in the promotion of our Company.

In the properties acquired by our Company

None of the Group Companies have any interest in the properties acquired by our Company within the two years of the date of filing this Prospectus or proposed to be acquired by our Company.

In transactions for acquisition of land, construction of building and supply of machinery

None of the Group Companies have any interest in our Company in relation to transactions for acquisition of land, construction of building and supply of machinery.

Payment of amount or benefits to our Group Companies during the last two years

Except as disclosed in the section “*Financial Information – Annexure XXIII - Related Party Transactions*” beginning on page 143 of this Prospectus, no amount or benefits were paid or were intended to be paid to our Group Companies since the incorporation of our Company.

Common pursuits between the Group Companies and our Company

The Main Object Clause of our Holding Company, Chiripal Industries Limited and certain companies forming part of the Chiripal Group viz. Nandan Denim Limited and CIL Nova Petrochemicals Limited permits them to undertake similar business to that of our business, which may create a potential conflict of interest. Our Company has not adopted any measures for mitigating such conflict situations.

Related business transactions within the Group Companies and its significance on the financial performance of our Company

For details, please see the chapter titled “*Financial Statements- Annexure XXIII - Related Party Transactions*” on page 143 of this Prospectus.

Sale/purchase between Group Companies (exceeding 10% in aggregate of the total sales or purchases of our Company)

For details, please see the chapter titled “*Financial Statements- Annexure XXIII - Related Party Transactions*” on page 143 of this Prospectus.

Business interest of Group Companies in our Company

For details, please see the chapter titled “*Financial Statements- Annexure XXIII - Related Party Transactions*” on page 143 of this Prospectus.

Defunct Group Companies

None of the Group Companies are defunct and no application has been made to the registrar of companies for striking off the name of any of the Group Companies during the five years preceding the date of this Prospectus.

Outstanding Litigations

For details relating to the material legal proceedings involving our Group Companies, see the chapter titled “*Outstanding Litigations and Material Developments*” on page 157 of this Prospectus.

Other Confirmations

Our Group Companies have further confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there have been no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them except as stated under chapters “Risk Factors”, “Our Group Companies” and “Outstanding Litigations and Material Developments” on pages 9, 114 and 157 of this Prospectus, respectively. Additionally, none of our Group Companies have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities except as stated under chapters “Risk Factors”, “Our Group Companies” and “Outstanding Litigations and Material Developments” on pages 9, 114 and 157 of this Prospectus, respectively.

CURRENCY OF PRESENTATION

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

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

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

DIVIDEND POLICY

Under the Companies Act, 2013, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

There are no dividends declared by our Company since incorporation.

Our Company does not have any formal dividend policy for the Equity Shares. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

SECTION VI - FINANCIAL INFORMATION

FINANCIAL STATEMENT

REPORT OF THE AUDITORS ON FINANCIAL STATEMENTS

The Board of Directors,
Vishal Fabrics Limited
Ranipur Road, Narol,
Ahmedabad - 382405

Dear Sirs,

Re: Proposed Public Issue of Equity Shares of Vishal Fabrics Limited (VFL)

1. We have examined the attached **Restated Financial Information** of Vishal Fabrics Limited, as at 31st March 2014, 31st March 2013, 31st March 2012, 31st March 2011 and 31st March 2010 and **Restated Profit & Loss and Cash Flow Statements** for the year ended 31st March 2014, 31st March 2013, 31st March 2012, 31st March 2011 and 31st March 2010 (Collectively the “**Restated Financial Statements**”), as approved by the Board of Directors of VFL prepared in terms of the requirements of Sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 (the “Act”) read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules (‘the Rules’), 2014 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended to date (the “SEBI Regulations”) in connection with the Company’s Proposed Initial Public Offer (IPO) of equity shares of ₹ 10/- each (referred to as the “**Issue**”) under the Fixed Price Issue Method.
2. The Restated Financial Information have been extracted by the management from the financial statements for Financial Years 31st March 2014, 31st March 2013, 31st March 2012, 31st March 2011 and 31st March 2010 audited by us being the Statutory auditors, approved by the Board of Directors and adopted by the Members for the financial years ended March 2013, 2012, 2011 and 2010.
3. Information of the Company are for the Financial Year ended 31st March 2014, 31st March 2013, 31st March 2012, 31st March 2011 and 31st March 2010 have been audited by us being the Statutory auditors and books of account underlying those financial statements and other records of the Company, to the extent considered necessary by us, for the presentation of the Restated Summary Statements under the requirements of Revised Schedule VI of the Act, in relation to the years ended 31st March 2014, 31st March 2013, 31st March 2012, 31st March 2011 and 31st March 2010.
4. In accordance with the requirements of sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI Regulations; Revised Guidance Note on Reports in Company Prospectus (as amended from time to time) issued by the Institute of Chartered Accountants of India (the “ICAI”) and the term of our engagement agreed with you, we further report that:
 - i. The Restated Statement of Assets and Liabilities of the Company as at 31st March 2014, 31st March 2013, 31st March 2012, 31st March 2011 and 31st March 2010 as set out in “**Annexure I**” to this report read with the Significant Accounting Policies and related Notes in Annexure IV & V are after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate and more fully described in Schedules to the Restated Summary Statements.
 - ii. The Restated Profit & Loss Statement of the Company for the Financial Year ended 31st March 2014, 31st March 2013, 31st March 2012, 31st March 2011 and 31st March 2010 as set out in “**Annexure II**” to this report read with the significant accounting policies and related Notes in Annexure IV & V are after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relates and more fully described in Schedules to the Restated Summary Statements.
 - iii. We have also examined the following financial information as set out in Annexure prepared by the Management and approved by the Board of Directors relating to the Company for the Financial year ended 31st March 2014, 31st March 2013, 31st March 2012, 31st March 2011 and 31st March 2010.

Annexure I	Statement of Assets and Liabilities, as Restated
Annexure II	Statement of Profit and Loss, as Restated
Annexure III	Statement of Cash Flow, as Restated
Annexure IV	Significant Accounting Policies
Annexure V	Major Notes to Accounts
Annexure VI	Statement of Fixed Assets, as Restated
Annexure VII	Statement of Investments, as Restated
Annexure VIII	Statement of Non-Current Assets, as Restated
Annexure IX	Statement of Trade Receivables, as Restated
Annexure X	Statement of Loans and Advances, as Restated
Annexure XI	Statement of Long Term Borrowing, as Restated
Annexure XII	Statement of Short Term Borrowing, as Restated
Annexure XIII	Statement of Long Term Provisions, as Restated
Annexure XIV	Statement of Trade Payables, as Restated
Annexure XV	Statement of Short Term Provisions, as Restated
Annexure XVI	Statement of Other Current Liabilities, as Restated
Annexure XVII	Statement of Other Income, as Restated
Annexure XVIII	Statement of Capitalization
Annexure XIX	Statement of Tax Shelter
Annexure XX	Statement of Accounting Ratios, as Restated
Annexure XXI	Statement of Contingent Liabilities, as Restated
Annexure XXII	Statement of Dividends Declared, as Restated
Annexure XXIII	Statement of Related Party Transactions, as Restated

In our opinion and to the best of our information and according to the explanations given to us, the restated financial statements read together with the notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent applicable;

- In the case of the Statement of Assets and Liabilities of the company as at 31st March 2014, 31st March 2013, 31st March 2012, 31st March 2011 and 31st March 2010;
- In the case of the Statements of Profit & Loss, of the profit of the company for the years ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows of the company for the years ended on that date.

Our report is intended solely for the use of management and for inclusion in the Offer Document in connection with the proposed issue of equity shares of the Company and our Report should not to be used, referred to or distributed for any other purpose without our written consent.

For Anil S. Shah & Co.
Chartered Accountants
(Firm Registration No. 100474W)

Krunal A. Shah
Partner
Membership No: 115801

Place: Ahmedabad
Date: July 02, 2014

Annexure I
STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particulars	As on March 31,				
	2014	2013	2012	2011	2010
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	970.00	115.00	115.00	115.00	115.00
(b) Reserves and Surplus	3,444.81	3,785.34	3,578.57	3,512.27	3,207.06
Total Shareholder's Funds (A)	4,414.81	3,900.34	3,693.57	3,627.22	3,322.06
(2) Share application money pending allotment (B)	-	-	-	-	-
(3) Non-Current Liabilities					
(a) Long-term borrowings	2,114.51	2,529.80	2,974.51	3,189.04	2,784.21
(b) Deferred tax liabilities (Net)	-	-	-	26.42	97.87
(c) Other Long term liabilities	-	10.03	8.14	27.82	23.98
(d) Long term provisions	109.45	99.81	98.99	93.94	79.75
Total Non-Current Liabilities (C)	2,223.96	2,639.64	3,081.64	3,337.22	2,985.81
(4) Current Liabilities					
(a) Short-term borrowings	2,895.86	2,622.79	2,633.36	679.09	2,367.73
(b) Trade payables	2,198.95	2,282.06	1,479.07	1,113.96	1,166.12
(c) Other current liabilities	798.15	769.54	852.87	836.35	675.69
(d) Short-term provisions	121.15	133.25	8.36	53.65	85.46
Total Current Liabilities (D)	6,014.11	5,807.64	4,973.66	2,683.05	4,295.00
Total (A+B+C+D)	12,652.87	12,347.62	11,748.87	9,647.49	10,602.87
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	3,174.12	3,755.98	4,282.31	4,104.65	4,114.60
(ii) Intangible assets	-	-	-	-	-
(iii) Capital work-in-progress	-	-	-	400.02	67.85
(iv) Intangible assets under development	-	-	-	-	-
(b) Non-current investments	11.04	11.04	11.04	11.03	19.29
(c) Deferred tax assets (net)	145.04	97.40	29.20	-	-
(d) Long term loans and advances	538.48	138.22	389.64	345.08	112.99
(e) Other non-current assets	29.28	56.68	63.57	73.19	17.32
Total Non-Current Assets (A)	3,897.96	4,059.32	4,775.76	4,933.97	4,332.66
(2) Current assets					
(a) Current investments	-	-	-	-	-
(b) Inventories	1,057.22	1,092.74	1,125.32	1,386.10	1,251.67
(c) Trade receivables	5,413.39	6,498.71	5,213.24	2,561.04	4,299.05
(d) Cash and cash equivalents	109.47	110.76	67.53	80.99	129.97
(e) Short-term loans and advances	2,174.84	586.09	567.02	685.39	589.52
(f) Other current assets	-	-	-	-	-
Total Current Assets (B)	8,754.92	8,288.30	6,973.11	4,713.52	6,270.21
Total (A+B)	12,652.87	12,347.62	11,748.87	9,647.49	10,602.87

Annexure II
STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
Income					
Revenue from Manufacturing	2,319.23	3,034.37	3,099.05	5,451.38	3,817.12
Revenue from Trading	5,079.76	4,767.38	2,928.54	707.69	2,386.20
Revenue from Job Work & Others	13,003.94	10,523.06	8,578.05	8,182.81	7,374.81
Total Revenue from Operations	20,402.93	18,324.81	14,605.64	14,341.88	13,878.12
Other Income	8.19	10.20	51.25	40.53	16.70
Total Income	20,411.11	18,335.01	14,656.89	14,382.41	13,894.82
Expenditure					
Purchases	15,363.04	14,170.31	11,306.23	11,179.41	10,334.00
Change in Inventories	(9.87)	(57.76)	(46.26)	1.42	31.37
Employee benefit expense	2,227.87	1,481.28	809.12	760.98	725.54
Financial costs	640.94	685.57	699.45	414.94	463.41
Depreciation and amortization expense	695.59	799.94	769.76	712.90	742.32
Other expenses	1,166.83	991.89	1,104.54	1,133.48	1,234.96
Total Expenses	20,084.39	18,071.24	14,642.84	14,203.13	13,531.60
Profit before exceptional and extraordinary items and tax	326.72	263.77	14.05	179.28	363.22
Add: Exceptional Items	1.11	3.55	3.38	4.48	-
Profit before extraordinary items and tax	327.83	267.32	10.67	183.76	363.22
Less: Extraordinary Items	-	-	-	-	-
Profit before tax	327.83	267.32	10.67	183.76	363.22
Tax expense:					
Current tax	(77.00)	(88.00)	-	-	(50.00)
Tax exp. Relating to prior year written back	(8.61)	(41.12)	-	50.00	(56.05)
Deferred Tax Assets to prior year	(0.39)	-	-	-	-
Deferred tax	47.64	68.58	55.62	71.45	85.10
Profit/(Loss) from the period from continuing operations	289.47	206.78	66.29	305.21	342.27
Profit/(Loss) from discontinuing operations	-	-	-	-	-
Tax expense of discounting operations	-	-	-	-	-
Profit/(Loss) from Discontinuing operations	-	-	-	-	-
Profit/(Loss) for the period	289.47	206.78	66.29	305.21	342.27

Annexure III
CASH FLOW STATEMENT, AS RESTATED

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit After tax as Restated	289.47	206.77	66.29	305.21	342.28
Adjustment for :					
Depreciation	695.59	799.94	769.76	792.90	742.32
Extra Ordinary Items					
(Profit)/Loss on Sale of Assets	(1.11)	(3.55)	3.37	(2.20)	-
(Profit)/Loss on sale of Investment		-	-	(2.28)	-
Interest Income	(5.98)	(5.48)	(4.63)	(5.94)	(6.11)
Provision for Income Tax	85.61	129.13	-	50.00	106.05
Deferred Tax	(47.64)	(68.20)	(55.62)	(71.46)	(85.10)
Operating Profit before Working Capital Changes	1,015.94	1058.61	779.18	986.23	1099.45
Adjustment for :-					
(Increase) / Decrease in Inventories	35.52	32.57	260.78	(134.43)	(259.54)
(Increase) / Decrease in Trade Receivables	1,085.32	(1285.47)	(2652.17)	1737.99	138.99
Increase/Decrease in Trade Payables	(83.12)	802.99	365.11	(52.16)	(163.06)
Increase /Decrease in short term provision	(12.11)	124.89	(45.29)	(31.81)	25.38
Increase /Decrease in long term provision	9.64	0.81	5.05	14.19	15.56
Increase /Decrease in long term liabilities	(10.03)	1.89	(19.68)	3.84	17.37
Increase /Decrease in Other current liabilities	28.62	(133.22)	16.52	160.66	280.97
Increase /Decrease in short term loans & Advances	(1,588.75)	(19.07)	118.37	(95.87)	55.24
Increase /Decrease in other Non Current Assets	27.39	6.89	9.63	(55.27)	-
Cash Generated from Operations	508.42	590.92	(1162.49)	2,533.38	1,210.37
Direct Taxes Paid	(85.61)	(129.13)	0	(50.00)	(106.05)
Net cash from/(used in) operating activities (A)	422.81	712.81	(1162.49)	2483.38	1104.31
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase Of fixed Assets (incl. WIP)	(111.99)	(274.79)	(981.06)	(1172.66)	(246.96)
Sale Of Fixed Assets (incl. WIP)	1.53	1.18	433.66	137.54	11.39
Profit on Sale of Fixed Assets	1.11	3.55	(3.37)	2.20	-
Other non Current Investments		-	-	8.25	-
Sale Of Investments		-	-	2.28	-
Interest Income	5.98	5.48	4.63	5.94	6.11
Dividends received		-	-	-	-
Net cash from/(used in) Investing activities (B)	(103.37)	(264.58)	(546.14)	(1016.45)	(229.43)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds From issue of share capital + Share Application Money	50.00	-	-	-	-
Proceeds from Securities Premium	175.00	-	-	-	-
Increase/Decrease in Long Term Borrowing	476.14	(394.82)	(214.53)	404.82	(571.09)
Increase/Decrease in Long Term Loans & Advances	(400.25)	251.42	(44.56)	(232.09)	(51.39)
Preliminary Exp.	(3.27)				
Increase/(Decrease) in Short Term borrowing	(618.36)	(10.57)	1954.27	(1688.64)	(237.63)
Net cash from/(used in) financing	(320.74)	(153.98)	1695.18	(1515.90)	(860.11)

activities (C)					
Net (Decrease)/Increase in cash and Cash Equivalents (A+B+C)	(1.30)	43.23	(13.45)	(48.97)	14.77
Cash and cash equivalents at beginnings of year	110.77	67.54	80.99	129.96	115.19
Cash and cash equivalents at end of year	109.47	110.77	67.54	80.99	129.96

Annexure IV

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

- a. Financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the companies Act, 2013.
- b. The Company follows the mercantile system of accounting on a going concern basis.
- c. Presentation and disclosure in financial statements

During the year ended March 31, 2012 the revised Schedule VI notified under the companies act 1956, had become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed by the company for preparation of financial statements. However, it has significant impact on presentation and disclosure made in financial statements. The company has also reclassified the previous year figures in accordance with the requirement applicable in current year.

B. Use of Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent assets and liabilities as at the date of financial statements are reported amounts of incomes and expenses during the period. Actual results could differ from those estimates.

C. Fixed Assets & Capital Work in Progress

- a) Fixed assets are stated at cost of acquisition or construction (net of cenvat credits). All cost relating to the acquisition and installation of fixed assets are capitalized and include borrowing costs directly attributable to construction or acquisition of fixed assets, up to the date of asset is put to use and adjustment arising out of exchange rate variation relating to liabilities attributable to those fixed assets.
- b) They are stated at historical cost less depreciation.

D. Depreciation

Depreciation on items listed in Schedule XIV of the Companies Act, 1956 is charged according to the straight-line method at rates specified in the said Schedule. Depreciation on Assets acquired/purchased during the year is provided on pro-rata basis according to the period each asset was put to use during the year.

E. Revenue Recognition

- a) Revenue from job work is recognized by the completed service contract.
- b) Sales are accounted for on dispatch of goods to the customers and are exclusive of the Excise, sales return rebate & discount, rate difference but inclusive of the sales tax, if any.
- c) Dividend income and insurance claim has been accounted on cash basis.
- d) Commission income, profit on sale of Assets, Investment, Export incentives, Int. on FDR are accounted on accrual basis.

F. Inventories

- a) Inventories of Raw materials are valued at cost, determined on FIFO basis. Cost of Raw Materials Stocks is determined so as to exclude from cost, taxes and duties, which are subsequently Recoverable from taxing authorities.
- b) Stock of Work-in-progress valued at estimated cost.

G. Foreign Currency Transactions

Transaction in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction and outstanding in respect thereof are stated at the exchange rates prevailing at the date of Balance Sheet. Exchange differences relating to Fixed Assets are adjusted to the cost of Fixed Assets. Any other exchange difference is dealt in the Profit and Loss Account.

H. Investment

Investments are classified into long-term investments and short-term investments. Investments, which are intended to be held for one year or more, are classified as long-term investments and investments, which are intended to be held for less than one year, are classified as current investments. Long Term Investments & Short Term Investments are carried at cost. No provisions for diminution has been made as in the opinion of the management the diminution are temporary in nature.

I. Impairment of Assets

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment thereof based on external/ internal factors. An impairment loss in accordance with Accounting Standard-28 "Impairment of Assets " is recognized wherever the carrying amount of an assets exceeds its recoverable amount, which represent the greater of the net selling price of assets and their value in use. An impairment loss recognized in prior accounting period is reversed if there has been a change in estimate of recoverable amount.

J. Retirement Benefit:

a) Gratuity

Liabilities in respect of Gratuity is assessed actuarially and provided accordingly.

b) Provident Fund and Leave Encashment

A liability in respect of Provident Fund & Leave Encashment is provided in the accounts on accrual basis for the period.

K. Segment Reporting

- a) The segments have been identified in line with the AS-17, taking into account the organization structure as well as the differential risks and returns of these segments. Business segments have been considered as primary segments.
- b) Inter segment revenue have been accounted for based on the transaction price agreed between segments which is primarily market led.
- c) Geographical segment is not considered as exports are insignificant.

L. Borrowing cost:

Borrowing Cost directly attributable to the acquisition or construction of qualifying assets is capitalized. Other borrowing cost is recognized as expenses in the period in which they are incurred.

M. Taxation:

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, on timing differences, being the Difference between taxable incomes and accounting income that originates in one period and is capable of reversal in one or more subsequent periods.

Minimum Alternate Tax (MAT) Credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during specified period. The year in which the MAT credit

becomes eligible, it is to be recognized as an asset. In accordance with recommendation contained in the guidance note issued by ICAI, said asset is created by way of credit/reversal of provisions to Profit and Loss A/c and shown as MAT Credit Entitlements in Loans and Advances. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

N. Provisions, 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 recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

O. Earnings Per Share

The earning considered in ascertaining the company's EPS comprises the Net Profit or Loss for the period after and extraordinary items. The basic EPS is computed on the basis of weighted average number of equity shares outstanding during the year.

P. There are no Auditor's Qualifications in the Financial Statements of the Company.

Annexure V MAJOR NOTES TO ACCOUNT

1. Managerial Remuneration

(₹ in Lakhs)

Particulars	For the Year Ended March 31,				
	2014	2013	2012	2011	2010
<i>Whole Time Directors Remuneration</i>					
Jyoti Prasad Chiripal	60.00	67.20	67.20	53.76	43.68
Mahavirsingh Yadav	3.40	3.40	3.65	3.56	3.32
<i>Non Whole Time Directors Remuneration</i>	-	-	-	-	-
Sitting Fees	-	-	-	-	-

2. Deferred Tax

Deferred Tax Liability is calculated on the Timing Difference between W. D. V. of Fixed Assets as per Companies Act and as per Income Tax Act & Disallowable Gratuity. Deferred Tax Asset is recognized for business losses as per Income Tax Act & Disallowable Gratuity to the extent that there is virtual certainty that sufficient future taxable income will be taxable against which Deferred Tax Assets can be realized.

(₹ in lakhs)

Particulars	For the Year Ended March 31,				
	2014	2013	2012	2011	2010
Opening Balance of Deferred Tax Assets	97.39	29.19	(26.42)	(97.87)	(182.97)
Diff. In Depreciation between accounting books and tax return for the year end	52.29	68.58	57.42	66.74	79.80
Provision for gratuity disallowable u/s. 43B of the Income Tax Act, 1961	(4.64)	(0.39)	1.81	4.72	5.29
Tax Rate	32.45%	32.45%	32.45%	33.22%	33.99%
Closing Bal. of Deferred Tax (Liability) / Asset	145.03	97.39	29.19	(26.42)	(97.87)

3. Remuneration to Statutory Auditors:

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
Audit Fees	0.85	0.85	0.83	0.55	0.55
Taxation Matters	0.27	0.27	0.27	0.27	0.27
ROC Matters	0.00	0.00	0.00	0.00	0.00
Total	1.12	1.12	1.10	0.82	0.82

4. The Company has not received any intimation from suppliers regarding their status under micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the yearend as required under the said Act have not been furnished.

5. In the opinion of Board of Directors, the value of realization of current assets, loans and advances in the ordinary course of business will not be less than the amount at which these are stated in the balance sheet.

6. The management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.

7. Accounting for taxes on income

Provision for current tax is made based on the tax payable under the current provisions of the tax laws applicable in the jurisdiction where the income is assessable.

8. Contingent Liability

Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the

control of the enterprises, or is a possible obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

9. Earnings Per share

Basic & Diluted Earnings per Share is calculated on Weighted Average number of Equity shares during the year.

10. Previous year figures have been re-grouped and reclassified wherever necessary to confirm to the current year classification.

11. Information regarding Foreign Exchange earnings and expenditure:

Earning in Foreign Exchange: ₹ 4.54 lakhs

Expenditure in Foreign Exchange: ₹ 4.31 lakhs

ADJUSTMENTS MADE OF RESTATED FINANCIAL STATEMENTS DUE TO REPRESENTATION UNDER NEW FORMAT OF SCHEDULE VI OF THE COMPANIES ACT, 1956

Reconciliation of Current Assets and Loans & Advances

(₹ in Lakhs)

Particulars	For the Year Ended March 31,				
	2014	2013	2012	2011	2010
As per Balance Sheet					
Cash & Bank Balances				80.99	129.96
Inventories				1,386.10	1,251.67
Trade Receivables				2,634.26	4,316.99
Long Term Loans & Advances				-	-
Short Term Loans and Advances				-	-
Loans & Advances				1,030.47	702.52
Total	N.A.	N.A.	N.A.	5,131.82	6,401.14
Restated as follows					
Cash and Cash Equivalents				80.99	129.96
Inventories				1,386.10	1,251.67
Trade Receivables				2,561.04	4,299.05
Long Term Loans & Advances				298.19	112.99
Short Term Loans and Advances				732.28	589.54
Total				5,058.63	6,383.82
Difference				73.19	17.32
Other Non-Current Assets				73.19	17.32

Reconciliation of Current Liabilities & Provisions

(₹ in Lakhs)

Particulars	For the Year Ended March 31,				
	2014	2013	2012	2011	2010
As per Balance Sheet					
Sundry Creditors for Goods				549.61	655.81
Sundry Creditors for Expenses				564.35	510.31
Sundry Creditors for Others				300.73	126.27
Sundry Creditors for Capital Goods				27.82	23.98
Provision for Income Tax				-	50.00
Provision for Gratuity				93.94	79.75
Provision for Fringe Benefit Tax				-	-
Provision for Salary / Leave				14.91	14.91
Provision for Expenses				38.74	20.55
Total	N.A.	N.A.	N.A.	1,590.10	1,481.58
Restated as follows					
Trade Payables				1,113.95	1,166.12

Other Long Term Liabilities				27.82	23.98
Short Term Provisions				53.64	85.46
Long Term Provisions				93.94	79.75
Other Current Liabilities				300.73	126.27
Total				1,590.10	1,481.58
Difference in Current Liabilities & Provisions				-	-

Reconciliation of Expenses

(₹ in Lakhs)

Particulars	For the Year Ended March 31,				
	2014	2013	2012	2011	2010
As per Profit & Loss A/c					
Cost of Materials				11,180.83	10,365.37
Selling Exp.				31.25	43.73
Manufacturing Exp.				871.88	883.41
Salary Expenses				760.98	725.53
Finance Cost				414.94	463.41
Administrative Expenses				230.35	307.80
Total	N.A.	N.A.	N.A.	13,490.23	12,789.25
Restated as follows					
Purchases				11,179.41	10,334.00
Changes in Inventories				1.42	31.37
Employee Benefit Expenses				760.98	725.53
Finance Cost				414.94	463.41
Other Administrative Expenses				1,133.48	1,234.94
Total				13,490.23	12,789.25
Difference in PAT				-	-

OTHER ADJUSTMENTS MADE IN RESTATED FINANCIAL STATEMENTS

Reconciliation of Income

(₹ in Lakhs)

Particulars	For the Year Ended March 31,				
	2014	2013	2012	2011	2010
As per Profit & Loss A/c					
Sales				14,281.23	13,805.56
Other Income				105.66	89.26
Total	N.A.	N.A.	N.A.	14,386.89	13,894.82
Restated as follows					
Revenue from Operations				14,341.88	13,878.12
Other Income				40.53	16.70
Total				14,382.41	13,894.82
Difference in PAT		-	-	-	-

Note: The difference for the year 2011 ₹ 4.48 (14,386.89-14,382.41) shown under exceptional item in Restated Financial Statements.

Annexure VI

STATEMENT OF FIXED ASSETS, AS RESTATED

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Land	121.25	121.25	121.25	121.25	114.14
Add : Addition	-	-	-	-	7.10
Less: Accumulated Depreciation	-	-	-	-	-
Net Block	121.25	121.25	121.25	121.25	121.25
Factory Building – Narol	1,542.78	1,413.23	1,387.61	1,440.19	1,355.32

Add : Addition	-	129.55	25.62	102.67	84.86
Less : Deduction	-	-	-	155.25	-
Less: Accumulated Depreciation	801.32	718.94	634.53	550.05	504.11
Net Block	741.46	823.84	778.69	837.56	936.08
Plant & Machinery	7,727.95	7,613.37	6,718.67	6,062.18	6,022.94
Add : Addition	93.04	138.44	940.26	705.20	65.70
Less : Deduction	-	23.87	45.55	48.73	26.45
Less: Accumulated Depreciation	5,606.79	5,019.58	4,353.72	3,711.68	3,164.00
Net Block	2,214.20	2,708.36	3,259.64	3,006.99	2,898.18
Air Condition	55.26	54.46	49.61	45.92	35.66
Add : Addition	0.47	0.80	4.85	3.69	10.26
Less : Deduction	-	-	-	-	-
Less: Accumulated Depreciation	47.23	43.98	39.72	34.81	29.35
Net Block	84.97	11.28	14.74	14.79	16.56
Furniture & Fixture	232.07	229.28	223.64	247.93	240.43
Add : Addition	3.45	2.80	5.64	3.95	7.50
Less : Deduction	-	-	-	28.24	-
Less: Accumulated Depreciation	184.70	173.86	161.34	147.18	141.05
Net Block	50.82	58.21	67.94	76.46	106.88
Computer	82.34	81.33	78.86	78.15	77.09
Add : Addition	2.71	1.02	2.47	0.70	1.07
Less : Deduction	-	-	-	-	-
Less: Accumulated Depreciation	80.18	78.40	76.15	73.78	70.54
Net Block	4.88	3.94	5.18	5.08	7.62
Weighting Scale	3.61	3.30	3.30	3.30	3.30
Add : Addition	-	0.31	-	-	-
Less : Deduction	-	-	-	-	-
Less: Accumulated Depreciation	2.92	2.78	2.59	2.44	2.25
Net Block	0.69	0.83	0.70	0.86	1.05
Office Equipment	25.34	23.48	21.69	20.00	17.42
Add : Addition	5.12	1.86	1.79	1.69	2.58
Less : Deduction	-	-	-	-	-
Less: Accumulated Depreciation	16.31	14.60	12.94	11.37	9.73
Net Block	14.16	10.75	10.54	10.32	10.27
Vehicle	78.67	78.67	78.24	55.66	55.66
Add : Addition	7.25	-	0.42	22.58	-
Less : Deduction	11.34	-	-	-	-
Less: Accumulated Depreciation	56.41	61.15	55.06	46.90	38.95
Net Block	18.15	17.51	23.61	31.35	16.71
Total	3,174.11	3,755.97	4,282.30	4,104.65	4,114.59

Annexure VII
STATEMENT OF INVESTMENTS, AS RESTATED

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Immovable Property		-	-	-	8.25
Un Quoted Shares (At Cost) (Holding Company)	0.90	0.90	0.90	0.90	0.90

Un Quoted Shares (At Cost) Other	9.74	9.74	9.74	9.94	9.94
Quoted Shares (At Cost)	0.40	0.40	0.40	0.20	0.20
Total	11.04	11.04	11.04	11.04	19.29

Annexure VIII
RESTATED STATEMENT OF NON-CURRENT ASSETS

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Trade Receivables (Exceeding Six Months)	16.20	56.67	63.56	73.19	17.93
Total	16.20	56.67	63.56	73.19	17.93

Annexure IX
STATEMENT OF TRADE RECEIVABLES, AS RESTATED

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
Debtors outstanding exceeding six months:					
Considered Good					
Receivable from Promoter / Promoter Group Co.	-	-	-	-	-
Others	16.20	56.67	63.56	73.19	17.93
Sub - Total (A)	16.20	56.67	63.56	73.19	17.93
Debtors outstanding not exceeding six months:					
Considered Good					
Receivable from Promoter / Promoter Group Co.	1,374.72	5,252.14	1,157.03	609.43	1,115.45
Others	4,038.66	1,246.56	4,056.20	1,951.63	3,183.60
Sub - Total (B)	5,413.38	6,498.70	5,213.23	2,561.06	4,299.05
Total (A+B)	5,429.58	6,555.37	5,276.79	2,634.25	4,316.98

Annexure X
STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Short Term Loans and Advances					
Advances to Revenue Authorities	277.94	271.67	149.82	126.80	145.98
Other Advances	1,896.89	314.42	417.20	558.59	443.54
Total	2,174.83	586.09	567.02	685.39	589.52

Annexure XI
STATEMENT OF LONG TERM BORROWINGS, AS RESTATED

(₹ in Lakhs)

Particulars	For the Year Ended March 31,				
	2014	2013	2012	2011	2010
Long Term Borrowings					
Term Loans	1,308.02	1,746.96	2,198.65	2,387.98	2,064.11
Vehicle Loans	3.42	-	-	3.93	-
Less: Current Maturities of Long Term Debt	348.55	457.93	512.19	490.92	549.41
Total (A)	962.89	1,289.03	1,686.46	1,900.99	1,514.70
Other Loans & Advances					

From Directors & Related Parties	-	891.43	891.85	1288.05	0.05
From Bank	222.08	237.33	296.20	-	-
From Companies & Others	929.53	112.00	100.00	-	1269.46
Total (B)	1,151.61	1,240.76	1,288.05	1,288.05	1,269.51
Total (A+B)	2,114.50	2,529.80	2,974.51	3,189.04	2,784.21
Current Portion of Long Term borrowings included under other current liabilities	348.55	457.93	512.19	490.92	549.41

Annexure XII
STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED

(₹ in Lakhs)

Particulars	For the Year Ended March 31,				
	2014	2013	2012	2011	2010
From Banks	2,895.86	2,622.79	2,633.36	679.08	2,367.72
Total	2,895.86	2,622.79	2,633.36	679.08	2,367.72

The above amounts in Annexure XI and XII include:

(₹ in Lakhs)

Secured Borrowings	4,429.38	4,607.07	5,128.21	3,067.06	4,431.83
Unsecured Borrowings*	929.53	1,003.43	991.85	1,288.05	1,269.51
Total	5,358.91	5,610.50	6,120.06	4,355.11	5,701.33

* All Unsecured Loans taken from persons or entities forming part of the Promoter / Promoter Group are interest free and repayable on demand.

Annexure XIII
STATEMENT OF LONG TERM PROVISIONS, AS RESTATED

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Provision for Gratuity	109.44	99.81	98.99	93.94	79.75
Total	109.44	99.81	98.99	93.94	79.75

Annexure XIV
STATEMENT OF TRADE PAYABLES, AS RESTATED

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Trade Payables	2,198.95	2,282.06	1,479.07	1,113.95	1,166.11
Total	2,198.95	2,282.06	1,479.07	1,113.95	1,166.11

Annexure XV
STATEMENT OF SHORT TERM PROVISIONS, AS RESTATED

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Provision for income tax	77.00	88.00	-	-	50.00
Provision for Leave Encashment	11.24	26.30	-	14.90	14.90
Provision for Expenses	32.90	18.95	8.36	38.74	20.55
FBT	-	-	-	-	-
Total	121.14	133.25	8.36	53.64	85.45

Annexure XVI
STATEMENT OF OTHER CURRENT LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Other Liabilities	422.78	284.45	253.22	303.93	126.27
Insurance Claim Recd. From Third Party	-	-	62.11	-	-
Current Maturities of Borrowings	348.55	460.33	516.12	490.92	549.41
Expenses Payable	6.16	12.69	6.80	27.82	-
Statutory Remittances	20.66	12.06	14.62	13.68	-
Total	798.15	769.53	852.87	836.35	675.68

Annexure XVII
STATEMENT OF OTHER INCOME, AS RESTATED

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
Net Profit Before Tax and Extraordinary Items	326.72	263.77	14.05	183.74	363.23
20% of Net Profit Before Tax	65.34	52.75	2.81	36.75	72.65
Other Income Details					
Insurance Claim	1.50	0.31	4.50	3.00	0.16
Interest Income	5.98	5.48	4.63	5.94	10.19
Balance W/o	0.58	4.41	42.11	18.96	0.68
Foreign Exchange Dif.	0.13	-	-	12.38	-
Misc. Income	-	-	-	-	5.10
Rent Recd.	-	-	-	0.24	0.56
Total	8.19	10.20	51.24	40.52	16.69

Annexure XVIII
STATEMENT OF CAPITALIZATION

(₹ in Lakhs)

Particular	Pre Issue (as at 31 st March, 2014)	Post Issue
Debt		
Long Term Debt	2,114.51	2,114.51
Short Term Debt	2,895.86	2,895.86
Total Debts (A)	5,010.36	5,010.36
Equity (Shareholder's funds)		
Equity share capital	970.00	1,317.40
Reserve and Surplus	3,444.81	4,660.71
Total Equity(B)	4,414.81	5,978.11
Long Term Debt / Equity Shareholder's funds	0.48:1	0.35:1
Total Debts / Equity Shareholder's funds	1.13:1	0.84:1

Note:

- The above has been computed on the basis of Restated Summary Statements of the Company.
- The Company has issued Bonus Shares on January 28, 2014 and March 04, 2014 and has also made a fresh allotment on March 29, 2014

Annexure XIX
STATEMENT OF TAX SHELTER

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Normal Corporate tax rates (%)	30.00%	30.00%	30.00%	30.00%	30.00%
Minimum alternative tax rates	18.50%	18.50%	18.50%	18.00%	15.00%

Profit before tax as per Restated P/L	327.83	267.31	10.67	183.74	363.23
Applicable Corporate tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%
Notional tax as per tax rate on profits (A)	98.35	80.19	3.20	55.12	108.96
Tax Adjustment					
Permanent Difference					
Donation & Other Expenses	0.83	50.13	0.18	1.72	60.37
Income Tax, FBT & Provision for Income Tax	-	-	-	-	106.05
U/s. 40(a) (ia)				-	0.83
Provision for Gratuity	14.32	0.12	5.56	14.19	15.56
Profit on Sale of Fixed Assets	(1.11)			(4.48)	-
Loss on Sale of Fixed Assets			3.37	-	-
Total Permanent Difference (B)	14.04	50.25	9.11	11.43	182.81
Timing Difference					
Depreciation	161.14	116.08	66.86	92.23	234.79
Exp. Disallowed u/s. 43B	-	-	-	-	-
Un Paid Professional Tax	-	-	-	-	-
Un Paid Bonus	17.40	-	0.04	4.23	20.65
U/s. 36(1) (VA) & 43B	-	6.48	3.84	-	-
Total Timing Difference (C)	178.54	122.56	70.74	96.46	255.44
Business Losses not set off in past years (D)	-	-		-	-
Total Adjustment (E) = (B+C+D)	192.58	172.81	79.85	107.89	438.25
Tax Expenses / (Saving) thereon (F) = (E)* Tax rate	57.77	51.84	23.96	32.37	131.47
Tax payable as per normal provisions (other than 115JB) of the Act (G)	40.15	23.68	-	36.62	61.73
MAT tax rate (H)	18.50%	18.50%	18.50%	15.00%	10.00%
Tax under MAT (I)	65.59	53.48	2.03	33.07	54.48
Tax payable for the year maximum of (G) or (I)	65.59	53.48	2.03	36.62	61.73
Interest under section 234B & 234C (As per income tax return)	-	-	-	-	-
Total Tax Payable(*)	65.59	53.48	2.03	36.62	61.73

* The above tax payable does not include Surcharge, Education Cess and Higher Education Cess, if any

Notes:

1. The aforesaid Statement of tax Shelters has been prepared as per the 'Restated Profit and Loss Account'

Annexure XX

STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Restated PAT as per P & L Account	289.47	206.77	66.29	305.21	342.27
Actual Number of Equity Shares outstanding at the end of the year	97,00,000	11,50,000	11,50,000	11,50,000	11,50,000
Equivalent Weighted Average number of Equity Shares at the end of the year (with retrospective effect of Bonus)	92,04,110	92,00,000	92,00,000	92,00,000	92,00,000
Net Worth [#]	4,401.73	3,900.34	3,693.57	3,627.27	3,322.06
Earnings Per Share:					
Basic & Diluted [@]	3.15	2.25	0.72	3.32	3.72
Return on Net Worth (%)	6.58%	5.30%	1.79%	8.41%	10.30%

Net Asset Value Per Share (₹) - based on actual no. of equity shares at the end of the year	45.38	339.16	321.18	315.41	288.87
Nominal Value per Equity share (₹)	10.00	10.00	10.00	10.00	10.00

* The Face Value of the Equity Shares for the year March 31, 2013, 2012, 2011 and 2010 was ₹100/-. However, for comparison purposes, the same has been considered as face value of ₹10/- per Equity Share and No. of Shares accordingly adjusted.

There is no revaluation reserve in last five years of the Company. Net Worth is Equity Share Capital + Reserves and Surplus – Preliminary expenses not written off.

@ As there is no dilutive capital in the company, Basic and Diluted EPS are same.

Notes to Accounting Ratios:

- The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.
- Formulas used for calculating above ratios are as under:
 - Basic EPS is being calculated by using the formula: Net Profit after excluding Extra-ordinary items / Weighted Average No. of outstanding shares.
 - Basic EPS (Including bonus Effect) is being calculated by using the formula: Net Profit after excluding Extra-ordinary items / Weighted Average No. of outstanding shares including bonus effect.
 - Net Asset Value is being calculated by using the formula: (Equity Share Capital + Reserves and Surplus – Preliminary Expenses not written off)/Number of Equity Shares at year end.
 - Return on Net worth is being calculated by using the formula: Profit After Tax/(Equity Share Capital +Reserves and Surplus – Preliminary Expenses not written off).
 - Net Tangible Assets comprises Net Fixed Assets and Net Working Capital.

Annexure XXI

STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
Contracts to be Executed	409.98	-	233.19	319.70	85.55
Un-expired Letter of Credits	480.28	222.28	378.20	220.69	241.26
Income Tax Demand	7.30	-	-	-	38.99
Employee Fraud	11.26	11.26	11.26	11.26	11.26
Insurance Claim for Fire (Company)	-	-	-	46.73	-
Insurance Claim for Fire (Third Party)	363.70	363.70	363.70	717.92	-
Custom Penalty	0.90	-	-	-	-
Excise / Textile Cess	17.76	-	-	-	-
Labour Cases	2.87	-	-	-	-
Civil Suit	4.57	-	-	-	-
Total	1,298.62	597.24	986.35	1,316.30	377.06

Annexure XXII

STATEMENT OF DIVIDEND DECLARED, AS RESTATED

(₹ in Lakhs)

Particular	For the year ended on March 31,				
	2014	2013	2012	2011	2010
On Equity Shares					
Fully Paid up Share Capital (₹ in Lakhs)	970.00	115.00	115.00	115.00	115.00
Face Value (₹)*	10/-	10/-	10/-	10/-	10/-
Paid up Value per Share (₹)*	10/-	10/-	10/-	10/-	10/-
Rate of Dividend	-	-	-	-	-
Total Dividend	-	-	-	-	-
Corporate dividend tax on above	-	-	-	-	-

* The Face Value of the Equity Shares for the year March 31, 2013, 2012, 2011 and 2010 was ₹100/-. However, for comparison purposes, the same has been considered as face value of ₹10/- per Equity Share and No. of Shares accordingly adjusted.

Annexure XXIII

STATEMENT OF RELATED PARTY TRANSACTIONS, AS RESTATED

As per Accounting Standard 18 on related party disclosure issue by the Institute of Chartered Accountants of India, the Company's related parties are disclosed below:

(i) Key Managerial Personnel

For the year ended March 31,				
2014	2013	2012	2011	2010
Mahavirsingh Yadav	Mahavirsingh Yadav	Mahavirsingh Yadav	Mahavirsingh Yadav	Mahavirsingh Yadav
Jyotiprasad D. Chiripal	Jyotiprasad D. Chiripal	Jyotiprasad D. Chiripal	Jyotiprasad D. Chiripal	Jyotiprasad D. Chiripal
Vinodkumar Ajmera	Vinodkumar Shah	Vinodkumar Shah	Vinodkumar Shah	Vinodkumar Shah
Vinodkumar Shah	Vinodkumar Ajmera	Vinodkumar Ajmera	Vinodkumar Ajmera	Vinodkumar Ajmera
Binaben Khatri	Bharat Bhushan Agrawal	Bharat Bhushan Agarwal	Bharat Bhushan Agarwal	Bharat Bhushan Agarwal

(ii) Relatives of Key Managerial Personnel

For the year ended March 31,				
2014	2013	2012	2011	2010
-	Deepak J. Agarwal	Deepak J. Agarwal	Deepak J. Agarwal	Deepak J. Agarwal

(iii) Associates / Enterprises over which directors and / or their relatives has significant influence

For the year ended March 31,				
2014	2013	2012	2011	2010
Nandan Exim Ltd.	Nandan Exim Ltd.	Bhushan Processors Pvt. Ltd.	Sparrow Exports Pvt. Ltd.	Sparrow Exports Pvt. Ltd.
Prakash Calender Pvt Ltd	Prakash Calender Pvt Ltd	Nandan Exim Ltd.	Bhushan Processors Pvt. Ltd.	Bhushan Processors Pvt. Ltd.
Dindayal Processors Pvt. Ltd	Dindayal Processors Pvt. Ltd	Prakash Calender Pvt Ltd	Nandan Exim Ltd.	Nandan Exim Ltd.
Shanti Exports Pvt. Ltd.	Shanti Exports Pvt. Ltd.	CIL Nova Petrochemicals Ltd.	Nova Petrochemicals Ltd.	Nova Petrochemicals Ltd.
S.D. Education Trust	S.D. Education Trust	Dindayal Processors Pvt. Ltd	Bhavna Textiles Pvt. Ltd.	Bhavna Textiles Pvt. Ltd.
Chiripal Poly Films Ltd	Chiripal Poly Films Ltd	Shanti Exports Pvt. Ltd.	Dindayal Processors Pvt. Ltd.	Dindayal Processors Pvt. Ltd.
Shanti Education Initiative Ltd.	Shanti Education Initiative Ltd.	Chiripal Charitable Trust	Quality Exim Pvt. Ltd.	Quality Exim Pvt. Ltd.
Quality Exim Pvt. Ltd.	Quality Exim Pvt. Ltd.		Shanti Exports Pvt. Ltd.	Shanti Exports Pvt. Ltd.
Deepak Impex Pvt. Ltd.	Deepak Impex Pvt. Ltd.		Chiripal Charitable Trust	Chiripal Charitable Trust

(iv) Holding Company

For the year ended March 31,				
2014	2013	2012	2011	2010
Chiripal Industries Limited	Chiripal Industries Limited	Chiripal Industries Limited	Chiripal Industries Limited	Chiripal Industries Limited

(v) Particulars of Transactions with Related Parties

Key Management Personnel

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2013	2011	2010
1)Purchase					
Goods	-	-	-	-	-
Land	-	-	-	-	-
2)Sales					
Goods	-	-	-	-	-
3) Finance					
Inter-corporate Deposits Given	-	-	-	-	-
Deposits Accepted	-	-	-	-	-
4) Other					
Received on behalf of us	-	-	-	-	-
Paid on behalf of us	-	-	-	-	-
5) Expenses					
Rent	-	-	-	-	-
Processing Charge	-	-	-	-	-
Remuneration	88.85	84.00	92.13	83.66	67.46
Donation	-	-	-	-	-
6) Income					
Balance W/o	-	-	-	-	-
Job Charges	-	-	-	-	-
7) Out standing					
Payable for Goods	-	-	-	-	-
Receivable (Debtors)/Adv	-	-	-	-	-
Inter-corporate Deposit Taken	-	-	0.05	0.05	0.05
Financial Guarantee Obtained	-	-	-	-	-

Relatives of KMP

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
1)Purchase					
Goods	-	-	-	-	-
Land	-	-	-	-	-
2)Sales					
Goods	-	-	-	-	-
3) Finance					
Inter-corporate Deposits Given	-	-	-	-	-
Deposits Accepted	-	-	-	-	-
4) Other					
Received on behalf of us	-	-	-	-	-
Paid on behalf of us	-	-	-	-	-
5) Expenses					
Rent	-	-	-	-	-
Processing Charge	-	-	-	-	-
Remuneration	-	-	-	-	-
Donation	-	-	-	-	-
6) Income					
Balance W/o	-	-	-	-	-
Job Charges	-	-	-	-	-
7) Out standing					
Payable for Goods	-	-	-	-	-
Receivable (Debtors)/Adv	-	-	0.10	0.10	0.10

Associate Companies

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
1)Purchase					
Goods	876.75	443.45	1.95	3.62	1604.90
Purchase Return	-	428.87	-	-	-
2)Sales					
Goods	1,171.61	5,554.28	3,397.82	1,114.55	1,364.70
3) Finance					
Inter-corporate Deposits Given	335.00	25.00	60.00	45.00	227.25
Deposits Accepted	-	891.38	891.80	1,288.00	1,269.46
4) Other					
Received on behalf of us	-	-	2.10	-	-
Paid on behalf of us	-	-	1.11	-	-
5) Expenses					
Rent & Maintenance	4.54	5.37	4.62	1.32	1.32
Processing Charge	-	-	-	-	-
Electricity	-	-	2.55	-	-
Remuneration					
Donation					60.00
6) Income					
Balance W/o					
Job Charges					
7) Out standing					
Payable for Goods				24.82	24.81
Receivable (Debtors)/Adv	928.16	4,811.20	1057.78	343.01	748.84
Inter-corporate Deposit Taken	-	891.38	891.80	1,288.00	1,269.46
Financial Guarantee Obtained	1,980.00	1,980.00	1,980.00	1,980.00	1,980.00
Inter-corporate Deposit given	275.50	25.00	105.00	45.00	

Holding Company

(₹ in Lakhs)

Particulars	For the year ended March 31,				
	2014	2013	2012	2011	2010
1)Purchase					
Goods	396.12	231.85	380.57	373.17	553.75
Land					
2)Sales					
Goods	195.14	107.66	525.84	71.65	743.21
DEPB			0.57		
3) Finance					
Inter-corporate Deposits Given					
Deposits Accepted					
4) Other					
Received on behalf of us				-	-
Paid on behalf of us		23.99		-	3.64
5) Expenses					
Rent					
Processing Charge					25.77
Remuneration					
Donation					
6) Income					
Balance W/o				0.89	
Job Charges					
7) Out standing					
Payable for Goods					

Receivable (Debtors)/Adv	446.55	440.95	99.25	266.42	366.61
Inter-corporate Deposit Taken					
Financial Guarantee Obtained					

CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

There has been no change in the Accounting Policies in the last three (3) years.

CHANGE IN ACCOUNTING PERIOD

There has been no change in the accounting period of the Company.

SALE OR PURCHASE BETWEEN OUR COMPANY AND GROUP COMPANIES

There have been no transactions of sale or purchase during the FY 2013 – 2014 between our Company and the Group Companies exceeding 10% of our total sale or purchases.

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

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this Prospectus. The following discussion relates to our Company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act.

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

Business Overview

Our company was incorporated as "Vishal Fabrics Pvt. Ltd" on October 22, 1985 under the Companies Act, 1956 vide Certificate of Incorporation issued by the Registrar of Companies, Gujarat. For further details regarding the change in the name of our company, please refer to the chapter titled "History and Certain Corporate Matters" beginning on page 94 of this Prospectus.

Our Company is engaged in the business of dyeing, printing and processing of fabrics of its own and also on job work basis. Our Company procures mainly Grey Fabric and dyes, prints and finishes the same as per the client's requirements. The processing unit of our Company is based in Narol, Ahmedabad, Gujarat. The plant has the capacity to print, dye and process wide range of fabrics i.e. cotton, polyester, viscose and man-made & blended fabrics suitable for men's wear, women's wear, home furnishing and many other applications.

Our Company is promoted by Chiripal Industries Limited and is part of the Chiripal Group, Ahmedabad. The persons in control of the Group have more than 20 years of experience in the Fabrics business and have incorporated several other companies manufacturing or trading in fabrics, yarn, denim and readymade garments.

Our Company was initially engaged in trading of fabrics. Though the Company was incorporated in 1985, our Company's activities were almost dormant till the year 1999. During the year 1999-2000, we took over the Units of Associate concerns, Bhushan Petrofils Private Limited and Prakash Calender Private Limited; both located at Narol, Ahmedabad, on lease basis and started the processing of fabrics. Over the years, with a view to expand the installed capacity and broad base the market of its products, we put up our own Plant & Machinery. In the year 2003, we set up a captive power plant for production of 2.3 MW power to improve productivity in our processing plant.

In the year 2005, we increased our processing capacity by installing the Wider Width Unit, which enabled us to process fabrics of upto 120 inch width. In the year 2011, we further enhanced our processing capacity by setting up a Continuous Bleaching Range (CBR) unit. The CBR unit processes upto 80,000 meters of fabric per day as compared to 2,000 – 8,000 meters fabric in other machines.

COMPETITION

The industry in which we operate is highly competitive and fragmented. Competition emerges from small as well as big players in the textile industry. The organized players in the industry compete with each other by providing high quality-time bound products and value added services. We have a number of competitors offering services similar to us. We believe the principal elements of competition in textile industry are price, fabric quality, timely delivery and reliability. We compete against our competitors by establishing ourselves as a knowledge-based processing unit with industry expertise in Dyeing and Printing which enables us to provide our clients with innovative designs suitable to current fashion and market requirements.

Significant Developments after March 31, 2014 that may affect our Future Results of Operations

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the Prospectus which materially or adversely affect or is likely to affect the profitability of our Company, or the value of our assets, or our ability to pay liabilities within next twelve months.

Factors affecting our Result of Operation

Except as otherwise stated in this Prospectus and the Risk Factors given in the Prospectus, the following important factors could cause actual results to differ materially from the expectations include, among others:

Revenue Generation

We earn majority of our revenue from sale of Finished fabrics which includes own fabric and fabric for Job work undertaken. Regular income is the only source to create a healthy working of our Company. Once a Job Work assignment is entered into, our revenues are fixed, while revenue from own products depend on the domestic and export demand. Our revenue growth is impacted by Job work orders received and also by the own fabric processed.

We have a robust marketing team allocated amongst different divisions each handled by well trained Managers who are in turn headed by the Vice President (Marketing).

Raw Material Cost

Grey cloth and Colours & Chemicals are the primary inputs required for processing our products and constitutes around 55% of our turnover. Our grey fabric and colours & chemical requirements depend on the quality of our end products for domestic and international markets. Our Company has developed a healthy and long term relationship with the quality suppliers of both grey cloth and colours & chemicals from whom we source our current requirements. Our Company places back to back order for grey cloth based on sales order received thereby minimizing exposure to price volatility of raw material. Our endeavour is to efficiently utilize the input material and get maximum output.

Our Financial Expenses

Our profitability is significantly impacted by our financial costs. For the fiscal 2014, 2013 and 2012, our financial expenses were ₹ 640.94 lakhs, ₹ 685.57 lakhs and ₹ 699.45 lakhs or 3.14%, 3.73% and 4.77% respectively, of the total income. Our financial growth depends on how well we manage and service our debts.

Our ability to successfully implement its strategy and its growth and expansion plans

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation of our strategy and growth and expansion plans could impact our Company's roll out schedules and cause cost and time over runs.

Increasing competition in the industry

Our Company faces competition from local, national and international processing units. Our Company operates in competitive environment which may force us to reduce the prices of our processed fabrics and it may have an effect on our margins.

General economic and business conditions

As a Company with its complete operations in India, we are affected by general economic conditions in the country and in particular economic factors that affect textile industry in India. India's gross domestic product, or GDP, has been and will continue to be of importance in determining our operating results and future growth.

Results of our Operations

(₹ in Lakhs)

Particulars	For the year ended March 31,							
	2014	% of Total Income	2013	% of Total Income	2012	% of Total Income	2011	% of Total Income
Revenue from operations	20,402.93	99.96	18,324.81	99.94	14,605.64	99.65	14,341.88	99.72
Other Income	8.19	0.04	10.20	0.06	51.25	0.35	40.53	0.28
Total Income	20,411.11	100.00	18,335.01	100.00	14,656.89	100.00	14,382.41	100.00
Purchases	15,363.04	75.27	14,170.31	77.29	11,306.23	77.14	11,179.41	77.73
Change in Inventories	(9.87)	(0.05)	(57.76)	(0.32)	(46.26)	(0.32)	1.42	0.01

Employee expense	2,227.87	10.91	1,481.28	8.08	809.12	5.52	760.98	5.29
Financial costs	640.94	3.14	685.57	3.74	699.45	4.77	414.94	2.89
Depreciation and amortization expense	695.59	3.41	799.94	4.36	769.76	5.25	712.90	4.96
Other expenses	1,166.83	5.72	991.89	5.41	1,104.54	7.54	1,133.48	7.88
Total Expenses	20,084.39	98.40	18,071.24	98.56	14,642.84	99.90	14,203.13	98.75
Profit before exceptional items and tax	326.72	1.60	263.77	1.44	14.05	0.10	179.28	1.25
Add: Exceptional Items	1.11	0.01	3.55	0.02	3.38	0.02	4.48	0.03
Profit before extraordinary items and tax	327.83	1.61	267.32	1.46	10.67	0.07	183.76	1.28
Less: Extraordinary Items	-	-	-	-	-	-	-	-
Profit before tax	327.83	1.61	267.32	1.46	10.67	0.07	183.76	1.28
Current tax	(77.00)	(0.38)	(88.00)	(0.48)	-	-	-	-
Tax exp. of prior year written back	(8.61)	(0.04)	(41.12)	(0.22)	-	-	50.00	0.35
Deferred Tax Assets to prior year written back	(0.39)	(0.00)	-	-	-	-	-	-
Deferred tax	47.64	0.23	(68.58)	0.37	55.62	0.38	71.45	0.50
Profit / (Loss) for the period	289.47	1.42	206.78	1.13	66.29	0.45	305.21	2.12

Main Components of our Profit and Loss Account

Income

Our total income comprises of revenue from operations and other income.

Revenue from Operations

Our revenue from operations (i.e. Manufactured and Traded Goods including domestic & export sales) as a percentage of total income was 99.96%, 99.94% and 99.65% in fiscals 2014, 2013 and 2012 respectively.

Other Income

Our other income includes Interest on FDR and other miscellaneous non-recurring incomes. Other income, as a percentage of total income was 0.04%, 0.06% and 0.35% in fiscals 2014, 2013 and 2012 respectively.

Expenditure

Our total expenditure primarily consists of Purchases, Changes in Inventories, Employee Benefit Expenses, Financial Cost, Depreciation and Amortization Expenses and Other expenses.

Purchases

Costs of Purchases are primarily in relation to purchases of bonds and equity shares in listed and/or unlisted companies.

Employee Benefit Expenses

Expenses in relation to employees' remuneration and benefits include salary, bonus and allowances, workmen and staff welfare costs, Director's remuneration etc.

Other Expenses

Other expenses primarily include Rent, Advertisement expenses, Legal & Professional fees, Office expenses, etc

Financial Cost

Financial Cost primarily consists of Bank Charges.

Depreciation and Amortization Expenses

Depreciation and Amortization Expenses primarily consist of depreciation/amortization on the fixed assets and Intangible Assets of our Company which primarily includes Vehicles, Furniture and fixtures, Computers and Office Equipments.

Provision for Tax

Income taxes are accounted for in accordance with Accounting Standard – 22 on “Accounting for Taxes on Income” (“AS-22”), prescribed under the Companies (Accounting Standards) Rules, 2006. Our Company provides for current tax as well as deferred tax, as applicable.

Provision for current taxes is made at the current tax rates after taking into consideration the benefits available to our Company under the provisions of the I. T. Act.

Deferred tax arises from the timing differences between book profits and taxable profits that originate in one period and are capable of reversal in one or more subsequent periods and is measured using the tax rates and laws applicable as of the date of the financial statements. Our Company provides for deferred tax asset / liability on such timing differences subject to prudent considerations in respect of deferred tax assets.

Fiscal 2014 compared with fiscal 2013

Income

In fiscal 2014, our total income increased by ₹ 2076.10 lakhs or 11.32%, from ₹ 18,335.01 lakhs in fiscal 2013 to ₹ 20,411.11 lakhs in fiscal 2014. The major factor for such increase was due to increase in Job Work Sales. Other income decreased marginally by ₹ 2.01 lakhs or 19.71%, from ₹ 10.20 lakhs in fiscal 2013 to ₹ 8.19 in fiscal 2014.

Purchases

The purchases in fiscal 2014 were ₹ 15,363.04 lakhs, an increase of 8.42% as compared to the previous year purchases of ₹ 14,170.31 lakhs in fiscal 2013. The above increase was mainly due to increase in scale of operations.

Employee Benefit Expenses

Our staff cost increased by ₹ 746.59 lakhs or 50.40%, from ₹ 1,481.28 lakhs in fiscal 2013 to ₹ 2,227.87 lakhs in fiscal 2014. This increase was mainly due to yearly increments and marginal increase in number of employees.

Other Expenses

Other expenses increased by ₹ 174.94 lakhs from ₹ 991.89 lakhs in fiscal 2013 to ₹ 1166.83 lakhs in fiscal 2014. The cause of increase in these expenses was majorly due to increase in scale of operations.

Financial Cost

Financial cost decreased by ₹ 44.63 lakhs from ₹ 685.57 lakhs in fiscal 2013 to ₹ 640.94 lakhs in fiscal 2014. The cause of decrease in these financial costs was majorly due to decrease in borrowings.

Depreciation and Amortization Expenses

Depreciation expenses decreased by ₹ 104.35 lakhs, from ₹ 799.94 lakhs in fiscal 2013 to ₹ 695.59 lakhs in fiscal 2014. This decrease was due to the written down value of fixed assets in the current fiscal.

Profit before Tax

Due to operational efficiency and increase in total income our PBT increased by ₹ 60.51 lakhs from ₹ 267.32 lakhs in fiscal 2013 to ₹ 327.83 lakhs in fiscal 2014.

Profit after Tax

Our profit after tax increased by ₹ 82.69 lakhs from ₹ 206.78 lakhs in fiscal 2013 to ₹ 289.47 lakhs in fiscal 2014.

Fiscal 2013 compared with fiscal 2012

Income

In fiscal 2013, our total income increased by ₹ 3678.12 lakhs or 25.09%, from ₹ 14,656.89 lakhs in fiscal 2012 to ₹ 18,335.01 lakhs in fiscal 2013. The major factor for such increase was due to increase in trading of fabric goods. Other income decreased by ₹ 41.05 lakhs or 80.10%, from ₹ 51.25 lakhs in fiscal 2012 to ₹ 10.20 lakhs in fiscal 2013. The major factor for such decrease was due to decrease in insurance claim.

Purchases

The purchases in fiscal 2013 were ₹ 14,170.31 lakhs, an increase of 25.33% as compared to the previous year purchases of ₹ 11,306.23 lakhs in fiscal 2012. The above increase was mainly due to increase in scale of operations.

Employee Benefit Expenses

Our staff cost increased by ₹ 672.16 lakhs or 83.07%, from ₹ 1,481.28 lakhs in fiscal 2013 to ₹ 809.12 lakhs in fiscal 2012. This increase was mainly due to yearly increments and increase in number of employees.

Other Expenses

Other expenses decreased by ₹ 112.65 lakhs from ₹ 1,104.54 lakhs in fiscal 2012 to ₹ 991.89 lakhs in fiscal 2013. The cause of decrease in these expenses was majorly due to better management of administrative, selling and distribution expenses.

Financial Cost

Financial cost decreased by ₹ 13.88 lakhs from ₹ 699.45 lakhs in fiscal 2012 to ₹ 685.57 lakhs in fiscal 2013. The cause of decrease in these financial costs was majorly due to decrease in borrowings.

Depreciation and Amortization Expenses

Depreciation expenses increased by ₹ 30.18 lakhs, from ₹ 769.76 lakhs in fiscal 2012 to ₹ 799.94 lakhs in fiscal 2013. This increase was due to the purchase of assets in the current fiscal.

Profit before Tax

Due to operational efficiency and increase in total income our PBT increased by ₹ 256.65 lakhs from ₹ 10.67 lakhs in fiscal 2012 to ₹ 267.32 lakhs in fiscal 2013.

Profit after Tax

Our profit after tax increased by ₹ 140.49 lakhs from ₹ 66.79 lakhs in fiscal 2012 to ₹ 206.78 lakhs in fiscal 2013.

Fiscal 2012 compared with fiscal 2011

Income

Our total income increased by ₹ 274.48 lakhs or 1.90% from ₹ 14,382.41 lakhs in fiscal 2011 to ₹ 14,656.89 lakhs in fiscal 2012. The Major factor for this increase was increase in trading and export goods. Other income was ₹ 51.25 for the fiscal year 2012 and ₹ 40.53 lakhs in 2011.

Purchases

Purchases in fiscal 2012 were ₹ 11,306.23 lakhs as compared to ₹ 11,179.41 lakhs purchases in fiscal 2011, a marginal increase of ₹ 126.82 lakhs was recorded.

Employee Benefit Expenses

Our staff costs increased by ₹ 48.14 lakhs or 6.33%, from ₹ 760.98 lakhs in fiscal 2011 to ₹ 809.12 lakhs in fiscal 2012. This increase was mainly due to yearly increments and increase in number of employees.

Other Expenses

Other Expenses decreased by ₹ 28.94 lakhs in fiscal 2012 from ₹ 1133.48 lakhs in fiscal 2011 to ₹ 1104.54 lakhs in fiscal 2012. The cause of decrease in these expenses was majorly due to decrease in manufacturing expenses.

Financial Cost

Financial cost increased by ₹ 284.51 lakhs from ₹ 414.94 lakhs in fiscal 2011 to ₹ 699.45 lakhs in fiscal 2012. The cause of increase in these financial costs was majorly due to increase in borrowings.

Depreciation Expenses

Depreciation expenses increased marginally by ₹ 56.86 lakhs, from ₹ 712.90 lakhs in fiscal 2011 to ₹ 769.76 lakhs in fiscal 2012 on account of purchase of fixed assets.

Profit before Tax

PBT decreased to ₹ 173.69 lakhs as compared from ₹ 183.76 lakhs in fiscal 2011 to ₹ 10.67 lakhs in fiscal 2012, due to increased cost of production and increased depreciation

Profit after Tax

Our profit after tax decreased by ₹ 238.92 lakhs from ₹ 305.21 lakhs in fiscal 2011 to ₹ 66.29 lakhs in fiscal 2012.

OTHER MATTERS

1. Unusual or infrequent events or transactions

Except as described in this Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

2. Significant economic changes that materially affected or are likely to affect income from continuing Operations

Other than as described in the Section titled “Financial Information” and chapter titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”, beginning on pages 125 and 147 respectively of this Prospectus respectively, to our knowledge there are no Significant economic changes that materially affected or are likely to affect income from continuing Operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations

Other than as described in the chapter titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Conditions and Result of Operations”, beginning on pages 9 and 147 respectively of this Prospectus respectively to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

4. Future relationship between Costs and Income

Other than as described in the chapter titled “Risk Factors” beginning on page 9 of this Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

5. The extent to which material increases in revenue or income from operations are due to increased volume, introduction of new products or services or increased prices

Increases in revenues are by and large linked to increases in volume of business activity carried out by the Company.

6. Total turnover of each major industry segment in which the issuer company operates.

The Company is a textile based Company and is in the business of processing grey fabric to manufacture finished fabric for various uses. Relevant industry data, as available, has been included in the chapter titled “*Industry Overview*” beginning on page 66 of this Prospectus.

7. Status of any publicly announced new products or business segments

Please refer to the chapter titled “*Business Overview*” beginning on page 73 of this Prospectus.

8. The extent to which the business is seasonal.

Our business is not seasonal in nature.

9. Any significant dependence on a single or few suppliers or customers

The revenues from our top 10 customers constituted approximately 10.27 % for FY 2014.

10. Competitive Conditions

Despite the fact that we are not affected by competition in the short-term, our results of operations could be affected by competition in the textile industry in India and in abroad in the future. We expect competition to intensify due to possible changes in government policy, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established fabric processing companies. This we believe may impact our financial condition and operations.

FINANCIAL INDEBTEDNESS

Set forth below, is a brief summary of our Company's borrowings as on March 31, 2014 together with a brief description of certain significant terms of such financing arrangements.

Nature of Borrowing	Amount (₹ in Lakhs)
Secured Borrowings	4425.96
Vehicle Loan	3.42
Unsecured Borrowings	929.53
Total	5,358.91*

* Includes ₹ 348.55 lakhs shown under Current Liabilities as 'Current Maturities of Long Term Debt'. Also includes ₹ 414.09 lakhs of non-fund based Letter of Credit issued on hypothecation of Stock.

Details of Secured Loans

(₹ in Lakhs)

Name of Lender	Type of Loan	Date of Sanction	Amount Sanctioned	Amount Outstanding as on March 31, 2014	Interest (in % p.a.)	Repayment Schedule	Security
Oriental Bank of Commerce	Term Loan	March 27, 2005	1,040.00	148.54	1% below PLR subject to changes in PLR	Repayment by 28 Equal Quarterly instalments of ₹ 3714286/- started from April 2007.	Secured by equitable mortgage of factory land and building of the company and hypothecation of Plant and Machinery and other fixed assets. Further Corporate Guarantee of given by certain group companies and personal guarantee of Managing Director and relative of such Managing Director of the company. Further secured by second charge on current assets of the company
		August 22, 2007	1,100.00	209.50	PLR with monthly rests, subject to changes in PLR by Bank & RBI	Repayment by 28 Equal Quarterly instalments of ₹ 2142857/- started from March 2010.	
		August 03, 2010	1,120.00	949.98	BR + 4% shall be charged as and when due	Repayment by 32 Quarterly instalments of ₹ 1800000/- started from March 2012.	
IDBI	Cash Credit	March 27, 2014	600.00	511.62	BBR + 350 Basis Points	Repayable on Demand	First pari passu charge over current assets of the Company (both present and future). Corporate Guarantee given by certain group companies and personal guarantee of the

							Managing Director and relative of such Managing Director of the Company
Oriental Bank of Commerce	Cash Credit	March 21, 2014	1400.00	1970.15	BR + 4.00%	Repayable on Demand	First pari passu charge over current assets of the Company (both present and future). Corporate Guarantee given by certain group companies and personal guarantee of the Managing Director and relative of such Managing Director of the Company
Standard Chartered Bank	Long Term Working Capital Loan	June 24, 2011	300.00	269.37	Base Rate + 3% p.a	Repayable on demand	Collateral secured by property situated at A – 621 Sushant Lok – 4, Nr. Centre Point Pizza Hut, Gurgaon, Delhi owned partnership Firm owned by relatives of the MD. Further Guarantee of MD and relatives of such MD of the Company and corporate guarantee of holding company

Details of Vehicle Loans

(₹ in lakhs)

Name of the Lender	Loan Account No.	Agreement / Sanction Letter Date	Sanctioned Amount (₹ in lakhs)	Outstanding Amount as on March 31, 2014	Rate of Interest (%)	Repayment Schedule	Security Created
ICICI Bank	LAABD000270 8027	September 04, 2013	4.00	3.42	10.52%	Repayable in 36 monthly Installments of ₹ 0.13 lakhs	Hypothecation of Motor Car

Details of Unsecured Borrowings:

(₹ in Lakhs)

Name of Lender	Type of Loan	Date of Sanction	Amount Sanctioned	Amount outstanding as on March 31, 2014	Interest (in % p.a.)	Repayment Schedule	Security
Others	N.A.	N.A.	N.A.	929.53	N.A.	Repayable on demand	N.A.

During the currency of the facilities, without prior approval of the Lenders which shall not be unreasonably withheld, the Borrower (Vishal Fabrics Limited) shall not:

- ✓ Change or alter capital structure, unless stipulated by the Bank

-
- ✓ Effect any scheme of amalgamation or reconstitution.
 - ✓ Implement a new scheme of expansion or take up an allied line of business / manufacture.
 - ✓ Divert the funds raised to Inter Corporate Deposits, Debentures, Stocks & Shares, Real Estate, etc.
 - ✓ Declare dividends without paying the due instalments, interests etc. to the Bank and without regularizing the Bank Accounts.
 - ✓ Enlarge the scope of other manufacturing / trading activities.
 - ✓ Withdraw moneys brought in by promoters / directors / friends and relatives.
 - ✓ Invest any fund by way of deposits or loans or in share capital.
 - ✓ Borrow or obtain credit facilities from any other Bank / Institution.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated herein, there are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and Promoter Group and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by our Company; no default in creation of full security as per the terms of the issue, no proceedings initiated for economic or other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against our Promoters, our Directors or Promoter Group Companies.

I. LITIGATIONS INVOLVING OUR COMPANY

A. Litigations against our Company

1. Civil Suit

Summary Suit No. 371/2013 filed by Kachrabhai Hatisingh Shah against the Company in City Civil Court, Ahmedabad for recovery of ₹ 4,57,378/- for dyeing and job work done.

2. Labours matters

- a. Petition No.11/2005 filed in Labour Court, Ahmedabad by Mahindrabhai Kashiram Lodha against termination of services.
- b. Petition No.571/2013 filed before Deputy Labour Commissioner Ahmedabad Division by Niranjan Bhagirath Giri claiming gratuity of ₹ 2, 27,145/- with interest.
- c. Petition No.377/2012 filed before Labour Court Ahmedabad, by Paresh Ramabhai Patel claiming reinstatement of services has been since withdrawn as services have been reinstated. Final order for disposal is awaited.
- d. Petition No. 192/1992 filed before the Labour Court of Ahmedabad by Jethabhai Kachrabhai pertaining to Workmen Compensation Act. The claim amount has been settled by the Insurance Company but the workman has demanded interest and penalty of ₹ 60,000/- approximately from the company.
- e. Reference No. (L.C.A.) 1029/2010 filed in Labour Court, Ahmedabad by Navratan Manibhai Joshi for illegal retrenchment and claiming reinstatement.

3. Custom

Deputy Commissioner of Customs, Customs Division, Jamnagar has imposed a penalty of ₹ 90, 000/- u/s.117 of Custom Act, 1962.

4. Excise

- a. The Company has preferred Special Leave Petition (Civil) No. 3190/2009 with application for condonation of delay in filing of SLP filed by the Company, before the Supreme Court of India. The Supreme Court of India has set aside the impugned order of the High Court of Gujarat in SCA No. 9843/2008 dated 28.08.2008 by its order dated 03.08.2009 and has remitted back to the High Court for de novo consideration. The amount involved was Rs. 11,41,668/- (2001-02 to 2004-05).
- b. Appeal No. 6/2009 by the Company is filed before the Textile Cess Appellate Tribunal, Mumbai against notice of demand dated 23.09.2009 by Textile Committee imposing cess of Rs. 6,33,617/- for the period from 2004-05 to 2006-07. The appeal is pending before the Textile Cess Appellate Tribunal, Mumbai.

B. Litigations by our Company

1. Income Tax

The company has filed an Appeal No.476/2013-14 to CIT(A) Ahmedabad for A.Y.2011-12 against order passed u/s 143(3) by the DCIT(OSD) CIR.8, Ahmedabad disallowing ₹ 2,70,69,861/- out and deduction claimed u/s 80IA. Assessed tax liability is ₹ 7,30,110/-

2. Litigations involving civil laws: NIL

3. Litigations involving criminal laws: NIL

4. Litigations involving labour laws: NIL

II. LITIGATIONS INVOLVING OUR PROMOTERS

A. Litigations against our Promoters

Chiripal Industries Limited

1. CESTAT

a. Deputy Commissioner, Customs Division, Jamnagar has imposed penalty of ₹ 90,000/- vide order dated 31.3.2014 on the Company for non production of original documents within the specified time in terms of PD Bond in the matter of import of Indonesian Steam Coal.

b. The Company has filed Appeal at the Tribunal in Appeal No. E/577/07 against order of the Commissioner of Central Excise (Appeals-I), Ahmedabad for duty demanded. The approximate amount involved is ₹ 60,24,437/-.

c. The Company has filed Appeal at the Tribunal in Appeal No. E/1165/2007 against order of Commissioner Appeals. The approximate amount involved is ₹ 14,13,366/-.

d. The Commissioner, Central Excise, Ahmedabad has filed Appeal at the Tribunal in Appeal No. E/270/08-DB against order of Commissioner (Appeals I). The approximate amount involved is ₹ 38,91,104/-

e. The Company has filed Appeal at the Tribunal in against order in Appeal No.251/2010(AHD-I)/CE/MM/COMMR.(A)/AHD. The approximate amount involved is ₹ 19,10,807/-

f. The Company has filed Appeal and Stay Application before the Tribunal in Appeal No. E/1104/2013-EX(DB) & E/11048/2013-EX(DB) dated on 01/05/2013. The approximate amount involved is ₹ 5,25,35,438/-

g. The Commissioner, Central Excise, Ahmedabad-I filed Appeal at the Tribunal in Appeal No. E/10609/2013 against order of the Commissioner of Central Excise (Appeals I), Ahmedabad. The approximate amount involved is ₹ 9,04,398/-.

h. The Additional Commissioner, Customs (Preventive), Jamnagar, has issued Show Cause Notice for assessment of correct classification and differential customs duty amounting to ₹ 23,41,103/- in the matter of Bill of Entry for bituminous coal.

i. The Commissioner, Central Excise, Ahmedabad I has preferred Appeal No. E/809/2007 against order of Commissioner (Appeals) I, Central Excise, Ahmadabad allowing the balance deemed CENVAT Credit of ₹ 40,25,955/- to the Company. The notice in the matter is to Shanti Processors Ltd, since merged with Chiripal Industries Ltd.

j. The Commissioner, Central Excise and Customs, Ahmedabad has preferred Civil Application No. 456/2011 to the High Court of Gujarat against order of the CESTAT disallowing penalty of ₹ 29,89,162/- . The order in the matter is of Shanti Processors Ltd, since merged with Chiripal Industries Ltd.

- k. CESTAT has granted stay to the operation of the order of the Commissioner of Central Excise, Ahmedabad I in Appeal No. E/655/2009, imposing a penalty of ₹ 1,29,79,625/- in the case of Cotton Hosi on Shanti Processors Ltd, since merged with Chiripal Industries Ltd.
- l. CESTAT has remanded back Appeal No. E/114/10 of Priti Textile to the Asst. Commissioner to re-examine the original documents and deal with refund claim of the Company. The demand is for ₹ 3,67,822/- of which the Company has deposited ₹ 91,956/- being 25% of the demand. Priti Textile has since merged with Chiripal Industries Ltd.
- m. Commissioner, Central Excise and Customs, Ahmedabad has preferred Tax Appeal No. 326/2009 to the High Court of Gujarat against order of the CESTAT disallowing refund claim of ₹ 7,62,652/- in the case of galleries portion. The order in the matter is of Priti Processors Ltd, since merged with Chiripal Industries Ltd.
- n. Criminal Case No. 839/2000 has been filed before the Addl. Chief Judicial Magistrate, Gandhidham, by Commissioner of Customs, Kandla u/s 135 of the Customs Act against Chiripal Twisting and Sizing Pvt. Ltd. and its Directors. CESTAT has in Appeal No. C/37-38,78-80/97 set aside the penalty imposed. The name of the Company Chiripal Twisting and Sizing Pvt. Ltd. was changed to Chiripal Petrochemicals Ltd and thereafter to Chiripal Industries Ltd.

2. Labour Cases

- a. Case No. 26/2009 filed by Bhanubhai Patel before the Hon'ble Judge of Labour Court at Ahmedabad against retrenchment from services. Pending for cross enquiry.
- b. Case No. 27/2009 filed by Vinod Parmar before the Hon'ble Judge of Labour Court at Ahmedabad against retrenchment from services. Pending for cross enquiry.
- c. Case No. 28/2009 filed by Chandrakant Jayantibhai Parmar before the Hon'ble Judge of Labour Court at Ahmedabad against retrenchment form services. Pending for cross enquiry.
- d. Case No. 29/2009 filed by Navnitbhai Jayantibhai Parmar before the Hon'ble Judge of Labour Court at Ahmedabad against retrenchment from services. Pending for cross enquiry.
- e. Case No. 30/2009 filed by Hemant R Parmar before the Hon'ble Judge of Labour Court at Ahmedabad against retrenchment from services. Pending for cross enquiry.
- f. Case No. 31/2009 filed by Manhar Ambalal Vyas before the Hon'ble Judge of Labour Court at Ahmedabad against retrenchment. Next date of hearing is on 30.05.2014 for cross enquiry.
- g. Case No. 32/2009 filed by Manharsingh P Darbar before the Hon'ble Judge of Labour Court at Ahmedabad against retrenchment from services. Pending for cross enquiry.
- h. Case No. 139/2003 filed by Sukhdev Waghela before the Hon'ble PF Commissioner at Ahmedabad against retrenchment from services. Summons has been sent by PF Commissioner for next hearing.
- i. Case No. 09/2002 filed by Pradeep Mehta before the Hon'ble Judge of Labour Court at Ahmedabad against retrenchment from services. Pending for cross enquiry.
- j. Case No. 16/2009 filed by Pradeep Mehta before the Hon'ble Judge of Labour Court at Ahmedabad against retrenchment from services. Pending for cross enquiry.
- k. Case No. (T)73/2008 filed by Bharat Parmabhai before the Hon'ble Judge of Labour Court at Ahmedabad against retrenchment from services. Pending for cross enquiry.
- l. Case No. P.W.627/2012 filed by Bharat Parmar before Hon'ble Judge of Labour Court at Ahmedabad claiming balance salary, overtime, bonus and leave encashment. Pending for cross enquiry.
- m. Case No. 122009 filed by Kanu Viram before Hon'ble Judge of Labour Court at Ahmedabad claiming balance salary, overtime, bonus and leave encashment. Pending for cross enquiry.

- n. Case No. 71/2009 filed by Rajubhai Sureshbhai before Hon'ble Judge of Labour Court at Ahmedabad claiming balance salary, overtime, bonus and leave encashment. Pending for cross enquiry.
- o. Case No. P.W.97/2011 filed by Manharbhai K Vyas before Hon'ble Judge of Labour Court at Ahmedabad claiming balance salary, overtime, bonus and leave encashment. Pending for cross enquiry.
- p. Case No. (T)85/2011 filed by Mahendra Premnarayan Parihar before Hon'ble Judge of Labour Court at Ahmedabad claiming balance salary, overtime, bonus and leave encashment. Pending for cross enquiry.
- q. Case No. (T)86/2011 filed by Premnarayan Parihar before Hon'ble Judge of Labour Court at Ahmedabad claiming balance salary, overtime, bonus and leave encashment. Pending for cross enquiry.
- r. Case No. P.W.452/2011 filed by Premnarayan Prihar & Other before Hon'ble Judge of Labour Court at Ahmedabad for compensation on death while in service. Pending for cross enquiry.
- s. Case No. WC6/2013 filed by Dinesh Rampati Patel before Hon'ble Judge of Labour Court at Ahmedabad for compensation on death while in service. Pending for cross enquiry.
- t. Case No. (T) 175/2008 filed by Arvind Singh Ridal Singh Paney before Hon'ble Judge of Labour Court at Ahmedabad claiming balance salary, overtime, bonus and leave encashment. Pending for cross enquiry.
- u. Case No. W.C.4209 filed by Rajnath Shrivastav before Hon'ble Judge of Labour Court at Ahmedabad for accidental compensation. Pending for cross enquiry.

3. Income Tax

- a. The Company has filed Appeal No.02/04/2014 to CIT(A) for A.Y.2011-12 against order of the DCIT(OSD) Range-1, Ahmedabad u/s.143(3) of the I.T. Act, 1961 regarding addition of ₹ 3,86,22,421/-
- b. The Company has filed Appeal No. 18/04/2013 to CIT(A) for A.Y.2010-11 against order of the ACIT Range-1, Ahmedabad u/s.143(3) of the I.T. Act, 1961 regarding addition and disallowance of ₹ 84,69,562/-.
- c. The Company has filed Appeal No. 1332/A2013 dated 08.05.2013 at the Tribunal for the A.Y. 2008-09 against order passed by CIT (Appeals VI) for disallowance of expenditure and additions, for ₹ 61,64,808/- for upholding the income as ₹ 5,88,33,430/-
- d. Deputy CIT (OSD), Range 1, Ahmedabad has filed Appeal No. 1628/Ahd-2003 at the Tribunal for AY 2008/2009 against order of CIT (Appeals VI) passed u/s 143(3) of the I T Act
- e. DCIT(OSD) Range-1, Ahmedabad has filed Appeal No. 400/Ahd/2011 for A.Y.2006-07 against the Company to revise the depreciation amount from 13,48,51,978 to 10,66,84,908 and delete the addition on account of income from sale of furniture of ₹ 19,77,276/- treating the same as Short term Capital Gain.

B. Litigations by our Promoters

Chiripal Industries Limited

1. Under Negotiable Instruments Act, 1881 (Section 138):-

- a. The Company has filed a criminal complaint against Rajesh Sinha, proprietor of Tirupati Agencies for ₹ 2,34,477/- in case No.27407/2007 in the Court of Chief Judicial Magistrate, Ahmedabad.
- b. The company has filed a criminal complaint against Pravin Goyal, Proprietor of New Ashoka Fabrics for ₹ 7,59,861/- in case No. 1921/08 in the Court of the Civil Judge, Ahmedabad.
- c. The Company has filed a criminal complaint against Yogesh Modani, proprietor of Solomio for ₹ 5,43,400/- in case No.1311/2010 in the Ahmedabad Rural Metropolitan Magistrate Court.

- d. The company has filed Criminal Complaint No. 1867/2013 in the Court of Chief Judicial Magistrate Ahmedabad against Daus Packaging for recovery of ₹ 6,42,946 /-
- e. The company has filed Criminal Complaint No. 6336/2013 in the Court of Addl. Chief Magistrate Ahmedabad against S Karunkarra Tapes for recovery of ₹ 4,81,324/-
- f. The company has filed Criminal Complaint No.1794/2011 in the Court of Chief Judicial Magistrate Ahmedabad (Rural) against R.P. Trading for recovery of ₹ 3,74,000/-
- g. The company has filed criminal complaint Nos.554/2013 and 555/2013 in the Court of Chief Magistrate Ahmedabad against Triveni Adhesive Tapes for recovery of ₹ 11,72,000/-
- h. The company has filed Criminal Complaint No. 23/2013 in the Court Ahmedabad Rural Chief Metropolitan Magistrate's under sections 420 and 506 of Indian Penal Code against R. N. Sahani for ₹ 6,10,000/-.

2. Civil Suits

- a. The Company has filed Summary Suit No. 13/2014 in the Court of Civil Judge Ahmedabad against Culture Clothing for recovery of ₹ 9,28,956/-
- b. The Company has filed Summary Suit No. 20/2014 in the Court of Chief Judicial Magistrate Ahmedabad, against BOPP Tapes for recovery of ₹ 1,10,288/-
- c. The Company has filed Summary Suit No 4821/2012 in the Court of Chief Judicial Magistrate Ahmedabad against Sakaria Brothers for recovery of ₹ 11,70,500/-
- d. The Company has filed Special Summary Suit No. 33/14 in the Court of the 5th Add. Sr. Civil Judge, Ahmedabad against Indus Fila Ltd. for recovery of ₹ 1,05,60,470/- against return of cheques.
- e. The Company has Appealed to the High Court, Ahmedabad under Appeal No. 63/2013 against order of District Judge Ahmedabad against Shobhanaben Shantilal and Ors for injunction and right of way for the suit premises being Gate No. T.P. 125, Survey No. 172+173A & 172+173B, Plot No. 196, Gopalpur, Pirana Road, Piplej, Ahmedabad.

3. CESTAT

- a. The Company has preferred Appeal No. CA-1/2013 with the Commissioner (Appeals), Customs, Mumbai III against order of the Assistant Commissioner of Customs, Air Cargo Complex, Sahar, imposing ₹ 4,91,803/- as duty drawback recoverable as the Company had not submitted Bank Realization Certificates pertaining to Garment Exports.

5. Wealth Tax

- a. The company has filed Appeal No. 11/12/2013 l to CIT(A) of Wealth Tax, Ahmedabad against order passed on 22/11/2013 by Wealth Tax Officer u/s.16(3) r.w.s. 17(1) for A.Y.2008-09. The addition is of ₹ 4, 98,01,421/-

III. LITIGATION INVOLVING OUR DIRECTORS

A. Litigations against our Directors

NIL

B. Litigations by our Directors

NIL

IV. LITIGATION INVOLVING OUR GROUP COMPANIES

A. Litigations against our Group Companies

Nandan Denim Limited (Formerly known as Nandan Exim Limited)

1. Income Tax

- a. The Dy.CIT, Circle 5, Ahmedabad has filed ITAT Appeal No.1260/AHD-2011 for the A.Y. 2008-09 against order of CIT(A) regarding deletion of disallowance of interest of ₹ 13,11,030/- u/s.14A and ₹ 6,19,251/- being depreciation on car
- b. The Company has filed ITAT Appeal No. CIT(A) - XI/135/13-14 for the A.Y. 2009-10 regarding Part disallowance u/s 14A of ₹ 3,11,516/- and prior period expenditure of ₹ 59,76,398/-
- c. The ACIT, Circle 5, Ahmedabad has filed ITAT Appeal No. 2039/AHD-2013 for the A.Y. 2010-11 regarding deletion of disallowance of ₹ 12,87,372/- of Interest u/s 14 A r.w.r 8D of the I.T. Rules and deletion of the disallowance of ₹ 8,40,988/- being depreciation on motor cars not owned by the company.
- d. The Company has received a notice u/s. 143(2) on 07/08/2013 for the A.Y.2012-13 from ACIT Circle-5, Ahmedabad. Matter is to be adjudicated by the Assessing officer.

2. Labour

- a. In the Application No. 97/2009 to the Judge of Labour Court, Ahmedabad it has been ordered that the Company do reinstate Nitin Revabhai Patel whose services had been illegally terminated.
- b. A recovery application No. 327/2012 under Industrial Disputes Act for ₹ 60,000/- plus costs has been filed in Labour Court, Ahmedabad by Nitin Revabhai Patel in dated 25/07/2012. The amount involved ₹ 65,000/-.
- c. Recovery application No. 10/2013 under Industrial Disputes Act for ₹ 15,286/- plus costs has been filed in Labour Court, Ahmedabad by Nitin Revabhai Patel.
- d. In Payment of Wages Application No. 818/2009 to the appropriate authority under payment of Wages Act it has been ordered that the Company do pay ₹ 14,586/- plus ₹ 700/- as cost to Nitin Revabhai Patel.
- e. Petition No. 458/2012 has been filed in Labour Court, Ahmedabad by Gopal Shriram Bansi Shah claiming salary, special allowance, over time, bonus, paid leave and outstanding salary. The approximate amount involved is ₹ 1,07,740/-.
- f. Petition No. 90/2009 has been filed in Labour Court, Ahmedabad by Hiren Panchal claiming reinstatement of service with back wages for unreasonably and illegally terminating the applicant by adopting unfair labour practice.
- g. Petition 258/2013 has been filed in Labour Court, Ahmedabad by Ramesh Arvindbhai claiming special allowance, leave salary, double salary of overtime, bonus, notice pay and unemployment compensation. The approximate amount involved is ₹ 41, 000/-.

3. Civil Suits

- a. Special Suit No. 553 of 2013 has been filed by Suringbhai Ranchodbhai Thakore against the Company & others in City Civil Court, Ahmedabad for cancellation of false sale deed of land.
- b. Special Civil Suit No. 185/2012 is filed against company by Laxmiben Shakrabhai Bhoi before the Court at Ahmedabad for declaration cancellation of document, recovery of possession and compensation and for permanent injunction.
- c. Civil Suit No. 773/2012 is filed against company by Viraji Shanaji Thakore & Others before the Court at Ahmedabad for declaration cancellation of document, and for permanent injunction.

4. Criminal

- a. M. Case No. 2/201 in criminal inquiry No.72/2012 has been filed against the Company by Kanchanben J. Vijay widow of Vijay Viraji Thakore before the Court of Hon'ble Additional Judge of Ahmedabad (Rural) at Ahmedabad for offence under sections 406, 420, 465, 468, 457, 506(2), 323, 114, 120(b) of Indian Penal Code in the Matter of sale of land.
- b. M. Case No. 1/2012 in criminal inquiry No.69/2012 has been filed against the Company by Vikram Shakrabhai Bhoi before the court of Hon'ble Additional Judge of Ahmedabad (Rural) at Ahmedabad for offence under sections 406, 420, 465, 468, 471, 457, 506(2), 323, 114, 120(b) of Indian Penal Code in the matter of sale of land.
- c. Application No. 1859/2012 filed by two employees of the Company against State of Gujarat. It is an anticipatory bail which has been granted with conditions.

5. Excise

- a. Refund application for ₹ 11,13,007/- has been filed with Assistant Commissioner of Customs (Refunds) CR-I, JNCH, Nhava sheva in order in Appeal Nos.503,504 &505 in connection with exemption of VAT.
- b. Refund application for ₹ 29,18,285/- has been filed with Assistant Commissioner of Customs(Refunds) CR-I, JNCH, Nhava Sheva in Appeal Nos.515 to 521 in connection with exemption of VAT.
- c. Deputy Commissioner of Customs Gandhinagar has filed Appeal in tribunal. Company has field cross-objection. The amount involved is ₹ 83,04,022/-, for exemption of CVD on Indigo Blue.
- d. Assistant Commissioner of Central Excise, Ahmedabad has issued show cause notice for erroneous sanction of duty rebate for ₹ 5,14,545/- which has been replied by the company.
- e. Assistant Commissioner of Central Excise, Ahmedabad has filed revision application before Joint Secretary, Ministry of Finance, for ₹ 31,73,265/- against order No. 203, 204 and 205/2008 of the Commissioner (Appeals), Central Excise, Ahmedabad. The company has received ₹ 16,52,399/- towards duty rebate claim.
- f. The Company has filed Revision Application No. 312/30.09.2009 before Joint Secretary Ministry of Finance against order in Appeal passed by Commissioner (Appeals-I), Central Excise, Ahmedabad in the matter of duty rebate claim for ₹ 4,22,834/-.

CIL NOVA PETROCHEMICALS LTD (CNP)

1. Income Tax

- a. The DCIT has filed ITAT Appeal No. 49/AHD-2008 for the A.Y. 2004-05. The ITAT passed order in which ₹ 63,66,750/- is not allowed as depreciation. Further ITAT has allowed ₹ 7,36,021/- as foreign travel expenditure, ₹ 15,166/- has been allowed on depreciation on electrical installation of software division, ₹ 3,02,832/- has been allowed as a loss on sale of capital asset and ₹ 32,77,800/- has been allowed u/s 36(i)(iii). Revenue's Appeal has been partly allowed.
- b. The company has received notice from ACIT (OSD), Range-1, Ahmedabad vide notice no. ACIT(OSD)/271(1)(c)/2013-14 dated 03/02/2014 for A.Y. 2011-12.

2. Excise

- a. The commissioner Excise has Appealed in High Court In Appeal No. 254 of 2014 with 25 of 2014 to 276 of 2014 at Ahmedabad challenging the order of CESTAT Ahmedabad for demanding ₹ 17,39,44,566/- in the matter of diversion of goods in 100% EOU supplied in open market.
- b. Stay under S/94/WZB/AHD/2010 has been granted by CESTAT Ahmedabad against order of the commissioner Central Excise demanding NCCD POY issued for Captive Consumption. The amount

demanded is ₹ 42,79,513/- and stay has been granted by CESTAT Ahmedabad against order of the commissioner Central Excise for exemption from NCCD. The amount demanded is ₹ 26,83,420/-.

- c. Assistant Commissioner Central Excise Div IV Ahmedabad II has call book show cause notice demanding ₹ 2,82,957/- for CENVAT Credit on outward freight paid to GTA.
- d. Commissioner Appeal Central Excise Div IV Ahmedabad II has call book show cause notice demanding ₹ 19,59,742/- for duty demand on scrap sales.
- e. Stay has been granted by CESTAT Ahmedabad against order of the commissioner Central Excise for duty demand on commission for ₹ 74,34,000/-
- f. The Commissioner of Central Excise has appealed in Appeal No. E/1065/2010 to CESTAT Ahmedabad for credit taken twice and the amount involved is ₹ 32,84,076/-
- g. The Commissioner Excise has filed Appeal No. 2335 of 2009 in High Court at Ahmedabad challenging the order of CESTAT Ahmedabad for credit of NCCD taken on own invoices and on returned goods for ₹ 2,43,361/-.
- h. The Commissioner Excise has filed Appeal No. 638 of 2011 in High Court at Ahmedabad challenging the order of CESTAT Ahmedabad for credit of NCCD taken on own invoices for ₹ 71,43,146/-.
- i. Stay has been granted by CESTAT Ahmedabad against order of the Commissioner Central Excise for interest on duty reversal for ₹ 4,88,186/-

3. Service Tax

- a. Stay has been granted by CESTAT Ahmedabad against order of the commissioner Central Excise for wrongly availed service tax credit for ₹ 20,12,181/-.
- b. Assistant Commissioner Service Tax Div II has call book show cause notice demanding ₹ 2,15,902/- on account of wrong utilisation of GTS Service Tax credit.
- c. Additional Commissioner of Central Excise Ahmedabad II has call book show cause notice on outward freight on GTA credit taken for ₹ 23,78,038/-.

4. Textile Cess

- a. Appeal pending before Tribunal of Textile Committee, Mumbai for levy of Textile Cess demand of ₹ 45,64,597/- for period September 1995 to July 2001
- b. Appeal pending before Tribunal of Textile Committee, Mumbai for levy of Textile Cess demand of ₹ 41,32,456/- for period August 2001 to March, 2004.
- c. Appeal pending before Tribunal of Textile Committee, Mumbai for levy of Textile Cess demand of ₹ 14,83,185/- for period April 2004 to March 2005.

B. Litigations by our Group Companies

Nandan Denim Limited

1. Insurance

- a. Petition filed by the Company against Employees State Insurance Corporation, Ahmedabad on 05/04/2013 in Application No. 49/2010 at Employees Insurance Court, Gujarat, Ahmedabad. The approximate amount involved is ₹ 15,77,616/-

2. Civil Suits

- a. Summary Suit No. 2264/2011 has been filed by the Company against Fair Washing Company & others in The City Civil Court, Ahmedabad for recovery of ₹ 27,47,348/- plus interest.
- b. Suit No. 6/2011 has been filed by the Company against M/s Taj Garments in the City Civil Court, Ahmedabad for recovery of ₹ 1,52,663/- plus interest.
- c. Suit No 7/2011 has been filed by the Company against S.M. Apparels & others in The City Civil Court, Ahmedabad for recovery of ₹ 7,00,723/- plus interest.

3. Under Negotiable Instruments Act

- a. The company has filed a case against Resham Impex and Sakil Akil Pathan in case No.14152/08. The amount involved is ₹ 2,05,550/-. Summons is issued.
- b. The company has filed cases against Alankit textile Pvt. Ltd. in case No.6674/09 & 9431/09. The amount involved is ₹ 3,00,000/-. Bailable warrant is issued.
- c. The company has filed a case against Pitamber Creation (i) P. Ltd. in case No.7466/09. The amount involved is ₹ 8,32,064/-. Non-bailable warrant is issued.
- d. The company has filed a case against Simplex Trading Syndicate in case No.7467/09. The amount involved is ₹ 15,54,148/-. Bailable warrant is issued.
- e. The company has filed a case against Rajendra Khandelua, proprietor of Nectex in case No. 15083/10. The amount involved is ₹ 2,68,195/-.
- f. The company has filed a case against Tanushri Textile in case No.65/2011. The amount involved is ₹ 13,21,804/-
- g. The company has filed a case against Vishala International & Export Pvt. Ltd. in case No.3501/2011. The amount involved is ₹ 6,04,707/-.

4. Income Tax

- a. The Company has filed Appeal No. CIT(A) – XI/135/13-14 to CIT(A) against order under section 271(1)(c) of the ACIT, Circle-5, Ahmedabad, for A.Y.2009-10 imposing penalty of ₹ 17,92,919/- and disallowance of prior period expenditure of ₹ 59,79,398/-.
- b. The Company has filed Appeal No. 476/2013-14 to CIT(A) in CIT(A)-XI/476/13-14 for the A.Y.2011-12 against order u/s.143(3) of the I.T. Act, 1961 on addition of ₹ 24,82,582/- u/s.14A and disallowance of depreciation on motor car of ₹ 1,41,827/- and disallowance of prior period expenditure of ₹ 2,19,833/- and disallowance of insurance expenses of ₹ 55,521/- and addition of ₹ 12,46,960/- for job work income and disallowance of ₹ 7,44,701/- u/s.36(i)(iii) and in charging of interest u/s 234B.

CIL NOVA PETROCHEMICALS (CNP)

1. Income Tax

- a. The Company has filed Appeal to CIT(A) in Appeal No.CIT(A)-XI/313/DCIT.Cir-5/10-11 against order of the A.O., under section 143(3) r.w.s. 147 of the I.T. Act, 1961 for the A.Y.2003-04 determining the appellants total income/loss at ₹ 38,13,020/- as against loss of ₹ 1,03,97,750/-. The Appeal is allowed.
- b. The company has field Appeal to CIT(A) in Appeal No.CIT(A)-XI/312/DCIT.Cir.5/10-11 against order of the A.O., under section 143(3) r.w.s 147 of the I.T. Act, 1961 for the A.Y.2004-05 determining the appellants total income as NIL as against loss of ₹ 9,59,87,357/-. The Appeal is allowed.
- c. The Company has filed Appeal to CIT(A)-XI in Appeal No.CIT(A)-XI/314/DCIT.Cir-5/10-11 against order of the DCIT Circle-5 dated 18/11/2010, for the A.Y.2005-06. The CIT(A)-XI passed an order

allowing the A.O. to re-open the assessment, the CIT(A)-XI has allowed an expenditure of ₹ 29,61,313/- u/s.40(a)(i), the CIT(A)-XI has partly allowed appellants Appeal with regard to ₹ 1,98,620/- u/s.14A of the Act, the CIT(A)-XI has allowed ₹ 66,55,118/- on account of excessive depreciation and the CIT(A)-XI has partly allowed appellants Appeal with regard to issuance of notice u/s.148.

- d. The Company has filed Appeal to CIT(A)-II, Ahmedabad on 07/08/2012 for the A.Y. 2008-09 in Appeal no 312 of 2008-09.
- e. The Company has filed Appeal to CIT(A)-III, Ahmedabad for the A.Y. 2009-10 in Appeal No. CIT(A)-III/ACIT.CIR-1/296/2012-13.
- f. The Company has filed Appeal to CIT(A)-II, Ahmedabad for the A.Y. 2010-11 in Appeal no CIT(A)-II/ACIT(OSD).C.-1/427/2013-14.

PENALTIES LEVIED UPON OUR COMPANY / PROMOTER / GROUP COMPANIES IN THE PAST FIVE YEARS

CIL Nova Petrochemicals Limited

1. On June 01, 2009 Securities and Exchange Board of India ("SEBI") issued a Show Cause Notice ("SCN") to Nova under Section 11, 11(4), 11B of Securities and Exchange Board of India Act, 1992 read with SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003 (hereinafter referred to as 'PFUTP') for alleged violation of Section 12A of PFUTP. The Company was advised to reply within 21 days of the receipt of SCN. Nova vide letter dated June 26, 2009 sought extension of one month to reply to the SCN, however it failed to reply to the SCN. Thereafter reminder letter dated July 13, 2009 and August 12, 2009 were issued to Nova to reply to the SCN. Again vide letter dated August 19, 2009 Nova sought extension till September 15, 2009, to file its submission, but failed to do so. The Whole Time Member of SEBI on January 12, 2010 passed an order restraining Nova from buying, selling and dealing or accessing the securities market directly or indirectly in any manner whatsoever for a period of two years from the date of the order. Nova filed an application with the Securities Appellate Tribunal on January 27, 2010 against the order of whole time member of SEBI passed on January 12, 2010. On June 07, 2010 the SAT dismissed the appeal of Nova. An oral prayer was made by Nova to stay the operation of the order to enable them to move the Supreme Court; the SAT directed that the operation of order shall remain in abeyance till July 12, 2010. Subsequently the SAT on July 12, 2010 dismissed the application of abeyance.

SEBI vide its letter dated April 07, 2011 granted permission for listing of shares of CIL on BSE Limited citing the reference of the order passed by The Hon'ble High Court of Gujarat on March 21, 2011 advising SEBI to list the Shares of CIL by granting relaxation under rule 19(2)(B) of Securities Contracts (Regulation) Rules 1957. Further, SEBI clarified that, for any purpose other than listing, the SEBI order dated January 12, 2010 will be in operation.

2. CNPL has not faced any suspension on the BSE and NSE for any listing agreement non-compliance. However, CNPL, prior to the scheme of arrangement – the erstwhile Nova Petrochemicals Limited had received a Show Cause Notice dated September 10, 2009 for failure to make disclosure under regulation 7(3) and regulation 8(3) of the SEBI (SAST) Regulations, 1997. After the Scheme of Arrangement The company made a Consent Application vide its letter dated April 16, 2010 and the same was passed with a consent term of ₹ 10,00,000/- (₹ 5,00,000 payable by CIL Nova Petrochemicals Ltd. and GSL Nova Petrochemicals Ltd. each) on April 10, 2013.

Material Developments

In the opinion of the Board, other than as disclosed in the Notes to our Financial Statements in the section "Financial Statements" on page 125 and in the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 147 of this Prospectus, there has not arisen, since the date of the last financial statements set out herein, any circumstance that materially or adversely affects our profitability taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities over the next 12 months.

Amounts due to small scale undertakings

The Company has not received any memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2014 as Micro, Small or Medium Enterprises. Consequently the amount paid / payable to these parties during the year is

NIL. Further, there is no small scale undertaking or any other creditor to whom the Company owes a sum exceeding ₹ 1 lakh which is outstanding for more than thirty (30) days.

Adverse Events

There has been no adverse event affecting the operations of our Company occurring within one year prior to the date of filling this Prospectus with the Registrar of Companies.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has received the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no other material approvals are required by us for carrying on its present business activities. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake its current business activities and no further material approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

I. APPROVALS OBTAINED BY THE COMPANY

Sr. No	Particulars	Granting Authorities	Registration/Approval/ Code No./ Artistic Work No.	Date of Issue	Period of Validity if specified
1	Fresh Certificate of Incorporation on conversion of Vishal Fabrics Pvt. Ltd. to Vishal Fabrics Ltd.	Registrar of Companies, Ahmedabad	U17110GJ1985PLC008206	31.03.2014	Valid until cancelled
2	Permanent Account No.	Income Tax Department, Government of India	AAACV6304R	22.10.1985	Valid until cancelled
3	Tax Deduction Account No. (TAN)	Income Tax Department, Government of India	AHMOV00328G		Valid until cancelled
4	Service Tax Registration Number	Deputy Commissioner of Service Tax, Ahmedabad	AAACV6304RST001		Valid until cancelled
5	Tax Payer's Identification No. (TIN) -VAT	Registration Officer, Sales Tax Department, Ahmedabad	24075000615	01.07.2002	Valid until cancelled
6	Tax Payers Identification No. (TIN) – Sales Tax	Registration Officer, Sales Tax Department, Ahmedabad	2457500615-CST	26.11.1987	Valid until cancelled
7	Registration under Employees Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund Commissioner	GJ/0002638/B		Valid until cancelled
8	Registration under Employees State Insurance Act, 1948	Employees State Insurance Corporation	37-00-014212-000-0199	29.10.2009	Valid until cancelled
9	Importer Exporter Code(IEC)	Government of India, Ministry of Commerce	0893016993	06.04.1994	Valid until cancelled
10	Registration of Certificate under Factories Act, 1948	Directorate Industrial Safety & Health Gujarat State	085140	23.12.1994	31.12.2014
11	Registration under Contract Labour	Registering and Licensing	Zone- 1/25/2002	28.11.2002	Valid until cancelled

Sr. No	Particulars	Granting Authorities	Registration/Approval/ Code No./ Artistic Work No.	Date of Issue	Period of Validity if specified
	(Regulation and Abolition) Act, 1970	Authority, Contract Labour (Regulation and Abolition) Act, 1970. 1/25/2002			
12	Approval under Gujarat State Electricity Board (GSEB) for sanction of 2.5 MW CPP and 1275 KVA power supply	Deputy Chief Electrical Inspector	CEI/NS/6350/2003-04	01.03.2004	Valid until cancelled
13	Approval for the layout of the factory	Director, Industrial Safety & Health	DISH/F-NAKSHA/2008/640/641	11.06.2008	Valid until cancelled
14	Professional Tax	Gujarat State , Tax on Professions, Trades, Callings and Employment Act, 1976	PRC013210083		
16	Renewal of consent to operate under Air (Prevention & Control of Pollution) Act, 1981	Gujarat Pollution Control Board	PC/ABD/NL/CCA-55/ID:14711/157943	27.08.2013	25/04/2018
17	Technology Upgradation Fund Scheme (TUFS)	Office of Textile Commissioner, Ministry of Textiles, Government of India	Term loan sanctioned by Oriental bank of Commerce under TUFS scheme vide three sanction letters dated 18.03.2006, 30.04.2006, and 23.10.2007	As on date of each Sanction Letter	Valid loan availed / till subsistence of scheme

II. PENDING APPROVALS RELATING TO INTELLECTUAL PROPERTY

Sr. No.	Particulars of Mark	Applicant	Application No.	Date of Filing	Class
1.	Registration of Trade Mark “VISHAL FABRICS LIMITED” Under Class 24	Registrar of Trade Marks	2728943	01.05.2014	24

III. EPCG LICENSES OF OUR COMPANY

EPCG licenses of our Company as on 30th April, 2014 are as following:

License No.	Date	CIF value / Actual Duty saved amount (₹)	Export Obligation (₹)
FOR FY - 2004			
0830000335	18.06.2003	9,44,000	75,52,000
FOR FY - 2006			
0830000814	19.04.2005	45,24,525	3,61,96,200
0830000834	17.05.2005	19,89,301	1,59,14,408
0830000852	08.06.2005	4,90,655	39,25,240
0830000912	05.08.2005	28,297	2,26,376
0830000858	17.06.2005	3,31,459	26,51,672
0830001028	26.10.2005	4,95,302	39,62,416
0830001034	28.10.2005	2,27,312	18,18,496

0830001048	17.11.2005	1,60,717	12,85,736
0830001049	17.11.2005	52,709	4,21,672
0830001083	30.11.2005	9,46,560	75,72,480
0830001105	26.12.2005	40,385	3,23,080
0830001104	26.12.2005	1,30,560	10,44,480
0830001195	16.02.2006	30,771	2,46,168
0830001262	30.03.2006	3,92,986	31,43,888
FOR FY - 2007			
0830001281	18.04.2006	21,96,006	1,75,68,048
0830001282	18.04.2006	14,29,795	1,14,38,360
0830001317	11.05.2006	11,76,244	94,09,952
0830001319	11.05.2006	82,694	6,61,552
0830001339	02.06.2006	1,48,446	11,87,568
0830001383	30.06.2006	3,70,935	29,67,480
0830001544	26.09.2006	8,95,607	71,64,856
0830001571	10.10.2006	4,94,143	39,53,144
0830001695	06.12.2006	85,680	6,85,440
0830001769	09.01.2007	45,696	3,65,568
0830001782	15.01.2007	70,611	5,64,888
0830001828	01.02.2007	32,771	2,62,168
0830001829	01/02.2007	2,61,120	20,88,960
0830001830	01.02.2007	2,61,120	20,88,960
0830001878	14.02.2007	7,34,400	58,75,200
0830001919	28.02.2007	1,75,689	14,05,512
0830001930	07.03.2007	49,62,230	3,96,97,838
FOR FY - 2008			
0830002164	21.08.2007	34,94,312	2,79,54,498
0830002319	10/01/2008	34,94,312	73,70,472
FOR FY - 2009			
0830002429	15.05.2008	1,99,645	15,97,160
FOR FY - 2010			
0830003451	05.03.2010	18,60,950	1,48,87,600
0830003484	16.03.2010	27,37,740	2,19,01,920
FOR FY - 2011			
830004144	10.03.2011	24,29,452	1,94,35,616

SECTION VIII – OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors have vide resolution dated April 04, 2014 authorized the Issue, subject to the approval by the shareholders of our Company under Section 62 (1C) of the Companies Act, 2013.

The shareholders have authorized the Issue, by passing a Special Resolution at the Extra-Ordinary General Meeting held with a shorter notice on April 08, 2014 in accordance with the provisions of Section 62 (1C) of the Companies Act, 2013.

The Company has obtained approval from BSE vide letter dated July 01, 2014 to use the name of BSE in this offer Document for listing of equity shares on the SME platform of the BSE. BSE is the designated stock exchange.

Prohibition by SEBI, the RBI or Governmental Authorities

We confirm that there is no prohibition on our Company, its Directors, Promoter and companies with which the Directors of the issuer are associated as directors or promoters have not been prohibited from accessing the capital market under any order or direction passed by SEBI and no penalty has been imposed at any time by any of the regulators in India or abroad except as stated under chapters “Risk Factors”, “Our Group Companies” and “Outstanding Litigations and Material Developments” on pages 9, 114 and 157 of this Prospectus, respectively..

We further confirm that none of our Company, its Promoter and its Group Companies was ever identified as wilful defaulters by RBI or other authorities.

Association with Securities Market

We confirm that none of our Directors are associated with the Securities Market in any manner and no action has been initiated against these entities by SEBI at any time except as stated under chapters “Risk Factors”, “Our Group Companies” and “Outstanding Litigations and Material Developments” on pages 9, 114 and 157 of this Prospectus.

Eligibility for the Issue

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulation; and this Issue is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

This Issue is being made in terms of Regulation 106 (M) (2) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE).

We confirm that:

- a) In accordance with Regulation 106 (P) of the SEBI (ICDR) Regulations, this issue has been hundred percent underwritten and that the Lead Manager to the Issue has underwritten more than 15% of the total Issue Size. For further details pertaining to the said underwriting please see “General Information- Underwriting” on page 39 of this Prospectus.
- b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the issue is greater than or equal to fifty, otherwise, the entire application money will be refunded within such time which shall be prescribed by the SEBI. If the stated minimum amount has not been subscribed and the sum payable on application is not received within a period of thirty days from the date of issue of the prospectus, or such other period as may be specified by the Securities and Exchange Board, the amount received under sub-section (3) of Section 39 shall be returned within such time and manner as may be prescribed under the Companies Act, 2013.
- c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulation, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the arrangement of Market Making please refer to “General Information- Details of the Market Making Arrangements for this Issue” on page 35 of this Prospectus.

We further confirm that we shall be complying with all other requirements as laid down for such issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

- e) Our Company has Net Tangible assets of at least ₹ 1 crore as per the latest audited financial results
- f) The Net worth (excluding revaluation reserves) of our Company is at least ₹ 1 crore as per the latest audited financial results
- g) Our Company has track record of distributable profits in terms of sec. 123 of Companies Act, 2013 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.
- h) The distributable Profit, Net tangible Assets and Net worth of our Company as per the restated financial statements for the year ended as at March 31, 2014, 2013 and 2012 is as set forth below:

(₹ in Lakhs)

Particulars	Fiscal 2014	Fiscal 2013	Fiscal 2012
Distributable Profit ⁽¹⁾	289.47	206.77	66.29
Net tangible Assets ⁽²⁾	3,811.46	3,717.88	3,307.25
Net Worth ⁽³⁾	4401.73	3,900.34	3,693.57

⁽¹⁾ Distributable profits have been computed in terms section 123 of the Companies Act, 2013.

⁽²⁾ Net Tangible Assets are defined as the sum of fixed assets (including capital work in-progress and excluding revaluation reserve) investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities) and secured as well as unsecured long term liabilities excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

⁽³⁾ Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves) and after deducting miscellaneous expenditure not written off, if any.

- i) As on the date of Prospectus, our Company has a paid up capital of ₹ 970 lakhs (₹ 9.70 Crores), which is in excess of ₹ 1 crore, and the Post Issue Capital shall also be in excess of ₹ 1 crore.
- j) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- k) There is no winding up petition against the company, which has been admitted by the court or a liquidator has not been appointed
- l) There has been no change in the Promoter(s) of the Company in the preceding one year from date of filing application to BSE for listing on SME segment
- m) Our company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.
- n) We have a website: www.vishalfabricsltd.com

Disclosure

The Issuer, our Promoters, Promoter Group and the members of our Group Companies have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED

OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 22, 2014 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
 - A. THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - C. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013 (TO THE EXTENT NOTIFIED), THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES* NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

** The SEBI registration of Link Intime India Private Limited, the Registrar to the Offer, was valid up to May 5, 2014. Link Intime India Private Limited had filed for Renewal of Registration vide application dated January 30, 2014. SEBI vide its letter dated July 09, 2014 has in-principally approved the permanent registration of Link Intime India Private Limited subject to payment of requisite fees.*
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD

/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.

- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE “MAIN OBJECTS” LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 (SECTION 40 OF COMPANIES ACT, 2013) 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. – NOTED FOR COMPLIANCE.**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE.**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS:**
 - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, AND**
 - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR (PLEASE SEE “ANNEXURE A” FOR FURTHER DETAILS).
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.

THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 (SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013) OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

ADDITIONAL CONFIRMATIONS/ CERTIFICATIONS TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
3. WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLIANCE
4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER.
5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS.
6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.

Disclaimer Clause of the SME Platform of BSE

“BSE Limited ("BSE") has given vide its letter dated July 01, 2014, permission to this Company to use its name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company's securities will be listed or will continue to be listed on BSE; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

Disclaimer from our Company and the Lead Manager

Our Company, its Directors and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

CAUTION

The Lead Manager accept no responsibility, save to the limited extent as provided in the MOU for Issue Management entered into among the Lead Manager and our Company dated May 14, 2014 the Underwriting Agreement dated May 15, 2014 entered into among the Underwriters and our Company and the Market Making Agreement dated May 14, 2014 entered into among the Market Maker, Lead Manager and our Company.

All information shall be made available by us and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres or elsewhere.

Note:

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India (who are not minors), Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. The Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Prospectus comes is required to inform himself or herself about, and to observe, any

such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in 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 Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause under Rule 144A of the U.S. Securities Act

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Filing

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106 (O) (1). However, a copy of the Prospectus shall be filed with SEBI at Western Regional Office, Unit No: 002, Ground Floor, SAKAR I, Near Gandhigram Railway Station, Opp. Nehru Bridge, Ashram Road, Ahmedabad - 380 009.

A copy of the Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the RoC situated at RoC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad - 380013.

Listing

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-Principle approval of the SME Platform of BSE. However, application shall be made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being offered and sold in the Issue on its SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the prospectus. The allotment letters shall be issued or application money shall be refunded within fifteen days from the closure of the issue or such lesser time as may be specified by Securities and Exchange Board or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent per annum for the delayed period as prescribed under Section 40 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE mentioned above are taken within 12 Working Days of the Issue Closing Date.

The Company has obtained approval from BSE vide letter dated July 01, 2014 to use the name of BSE in this Offer document for listing of equity shares on SME Platform of BSE.

Price Information of past issues handled by the Lead Manager

S. No	Issue Name	Issue size (₹ in lakhs)	Issue Price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1.	Dhanuka Commercial Ltd.	444.00	10.00	11/06/2014	9.75	9.75	(2.50)%	25,473.89	8.90	25,105.51	8.75	25,516.35	9.75	25,024.35
2.	Karnimata Cold Storage Ltd.	303.60	20.00	18/03/2014	29.05	30.00	50.00%	21,832.61	22.15	22,339.97	22.15	22,343.45	22.15	22,628.84
3.	Suyog Telematics Ltd.	453.00	25.00	22/01/2014	25.20	25.25	1.00%	21,337.67	25.20	20,513.85	25.00	20,363.37	25.50	20,700.75
4.	Stellar Capital Services Ltd.	900.00	20.00	01/11/2013	20.10	19.10	(4.50)%	21,196.81	16.90	20,666.15	15.30	20,635.13	14.55	20,791.93
5.	S R G Securities Finance Ltd.	501.60	20.00	29/10/2013	23.90	24.25	21.25%	20,929.01	20.50	20,666.15	20.10	20,850.74	20.00	20,425.02
6.	Kushal Tradelink Ltd.	2,774.80	35.00	04/09/2013	35.00	35.80	2.29%	18,567.55	35.30	19,732.76	35.30	19,920.21	43.10	19,915.95
7.	India Finsec Ltd.	600.00	10.00	11/06/2013	10.00	10.50	5.00%	19,143.00	9.55	19,245.70	10.00	18,629.15	10.00	18,629.15
8.	SRG Housing Finance Ltd.	700.80	20.00	11/09/2012	20.30	20.30	1.50%	17,852.95	21.00	18,349.25	20.15	18,823.91	20.10	18,804.75
9.	Jupiter Infomedia Ltd.	408.00	20.00	16/08/2012	22.00	22.05	10.25%	17,657.21	21.95	17,783.21	22.40	17,313.34	23.15	18,464.27
10.	Sangam Advisors Ltd.	506.88	22.00	09/08/2012	22.10	22.00	0.00%	17,560.87	22.10	17,728.20	22.20	17,783.21	22.00	17,313.34
11.	VKS Projects Ltd.	5500.00	55.00	18/07/2012	55.80	55.05	0.09%	17,185.01	55.50	16,839.19	53.10	17,601.78	52.00	17,691.08
12.	BCB Finance Ltd.	885.00	25.00	13/03/2012	27.00	25.70	2.80%	17,813.62	25.27	17,361.74	25.35	17,478.15	25.00	17,332.62

Summary Statement of Disclosure

Financial Year	Total no. of IPOs	Total Funds Raised (₹ in lakhs)	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%
2014-15 [#]	1	444.00	-	-	1	-	-	-	-	-	1	-	-	-
2013-14	6 [@]	5,533.00	-	-	1	-	1	4	-	1	-	-	-	3
2012-13	4 [*]	7,115.68	-	-	-	-	-	3	-	-	1	-	-	1
2011-12	1 [^]	885.00	-	-	-	-	-	1	-	-	-	-	-	-

[#] Details indicated in 2014-15 are for the IPOs completed as on date

[@] As on the 30th Calendar day from the listing day, the price of India Finsec Limited and S R G Securities Finance Ltd. is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.

**As on the listing day, the price of Sangam Advisors Ltd. is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount; As on the 30th Calendar day from the listing day, the price of SRG Housing Finance Ltd. and Sangam Advisors Ltd. is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.*

^As on the 30th Calendar day from the listing day, the price of BCB Finance Limited is exactly equal to its Issue Price and hence it is neither trading at Premium or Discount.

Notes:

(a) In case the 10th, 20th and 30th calendar day from the date of listing is a holiday, or if the stock was not traded on the said calendar days from the date of listing, the share price and benchmark index is taken of the immediately preceding working day.

(b) BSE SENSEX has been considered as the benchmark index.

Track record of past issues handled by the Lead Manager

For details regarding the track record of the Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please see the website of the Lead Manager – www.afsl.co.in.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Statutory Auditors, Bankers to the Company; and (b) the Lead Manager, Escrow Collection Bankers, Refund Banker, Registrar to the Issue, the Legal Advisors to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Section 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI (ICDR) Regulations, M/s. Anil S. Shah & Co., Chartered Accountants, Statutory Auditors have provided their written consent to the inclusion of their report dated July 02, 2014 on Restated Financial Statements and such consent and reports have not been withdrawn up to the time of filing of this Prospectus.

Anil S. Shah & Co., Chartered Accountants, Statutory Auditors of the Company have agreed to provide their written consent to the inclusion of their report on Statement of Tax benefits dated June 30, 2014 and such consent and reports have not been withdrawn up to the time of filing of this Prospectus.

Expert Opinion

Except for the below stated reports and certificate included in the Prospectus, our Company has not obtained any expert opinions:

1. Statutory Auditor – Statement of Tax Benefits
2. Statutory Auditor – Restated Financial Statements

ISSUE RELATED EXPENSES

The expenses of this Issue include, among others, underwriting and management fees, Market Making Fees, selling commissions, SCSB's commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees is given below:

Sr. No.	Particulars	Amount (₹ in lakhs)
1	Issue Management fees including fees and reimbursements of Market Making fees, selling commissions, brokerages, and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	47.50
2	Printing & Stationery, Distribution, Postage, etc.	2.50
3	Advertisement and Marketing Expenses	3.00
4	Regulatory and other Expenses	7.50
Total		60.50

Commission Payable to Non Syndicate Registered Brokers

Subject to the cap as mentioned below, the commission payable to the Non Syndicate Registered Brokers shall be as follows:

- Size of the Bid cum Application Form Commission Payable up to ₹ 200,000: ₹ 20 per Bid cum Application Form which is considered eligible for Allotment in the Issue.
- Greater than ₹ 200,000: ₹ 30 per Bid cum Application Form which is considered eligible for Allotment in the Issue.

The total Non Syndicate Registered Broker Commission to be paid to the Non Syndicate Registered Brokers for the Bid cum Application Forms procured by them which are considered eligible for Allotment in the Issue (“Eligible Bid cum Application Forms”) calculated as per the table above, shall be capped at 0.25% and 0.15% of the product of the number of Equity Shares Allotted to Retail Individual Investors and Non-Institutional Investors, respectively, and the Issue Price in relation to the Eligible Bid cum Application Forms procured by them (the “Maximum Brokerage”). In case the total Non Syndicate Registered Broker Commission payable to the Non Syndicate Registered Brokers exceeds the Maximum Brokerage, then the commission paid to the Non Syndicate Registered Brokers per Eligible Bid cum Application Form as per the table above would be proportionately adjusted such that the total Non Syndicate Registered Broker Commission payable to them does not exceed the Maximum Brokerage. The terminal from which the Bid has been uploaded will be taken into account in order to determine the commission payable to the relevant Non Syndicate Registered Broker. The Non Syndicate Registered Broker Commission payable to Non Syndicate Registered Brokers shall be inclusive of all taxes.

Fees, Brokerage and Selling Commission Payable to the Lead Manager

The total fees payable to the Lead Manager (including underwriting commission and selling commission) is as stated in the MOU dated May 14, 2014, the Underwriting Agreement dated May 15, 2014 and the Market Making Agreement dated May 14, 2014 among the Company and the Lead Manager and other parties, a copy of which will be made available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, for processing of application, data entry, printing of refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU between the Company and the Registrar to the Issue dated May 14, 2014.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post.

Commission and Brokerage Paid on Previous Issues of our Equity Shares

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

CAPITAL ISSUE DURING THE LAST THREE YEARS

Vishal Fabrics Limited has not made any capital issue viz. initial public offering, rights issue or composite issue during the last three years.

Previous Public and Rights Issues

We have not made any previous rights and public issues, and we are an “Unlisted Company” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

Previous Issues of Equity Shares otherwise than for Cash

Except as stated in the chapter titled “*Capital Structure*” beginning on page 42 of this Prospectus, we have not issued any Equity Shares for consideration other than for cash.

DETAILS OF CAPITAL ISSUES BY COMPANIES UNDER THE SAME MANAGEMENT

There are no companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956, that has made any public issue (including any rights issues or composite issues to the public) during the last three years.

PERFORMANCE VIS-À-VIS OBJECTS

Issuer Company

Our Company has not made any previous rights and public issues.

Listed Group Companies / Subsidiaries / Associate Companies

Nandan Denim Limited (formerly known as Nandan Exim Limited) had come out with Right Issue by issuing 15,18,30,188 Equity Shares of ₹ 1/- each at a Premium of ₹ 2 per share on a Rights basis to the existing shareholders of the Company in the ratio of 1 Equity Shares for every 2 Equity Shares held as on the Record date i.e. December 19, 2007 Aggregating ₹ 4,554.90 lakhs to fund the expansion of existing units and setting up of new spinning unit and Power Plant. The said issue was opened for subscription on December 29, 2007 and closed on January 28, 2008. The issue was fully subscribed and the shares were allotted to the successful applicants on February 22, 2008 and the new equity shares were listed on BSE with effect from March 05, 2008.

The objects of the issue were

1. Expansion of Denim capacity by 200 lakh meters per annum to 400 lakh meters per annum
2. Setting up of spinning unit with installed capacity of 32,000 spindles to produce 50 TPD of yarn
3. Setting up of 15 MW captive power plant 6,250.00
4. Utilize the funds for general corporate purposes and to meet the expenses of the issue

NDL intended to fund the above object worth ₹ 33,354.90 lakhs through various means including Bank Loan, Preferential Issue, internal Accruals and the said Rights Issue. Out of the total, ₹ 28,800 was raised through other means of finance and ₹ 4,554.90 was raised through the said Rights Issue.

As per the stock exchange filings made by NDL, the Company has fully completed expansion project as per Letter of Offer filed with SEBI and the Company is now having 4 Denim Lines of 400 Lakh meters p.a.; 40 TPD Spinning Plant along with 15 MW Power Project. Further, the proceeds of the Rights Issue of ₹ 4,554.90 lakhs have been fully utilized as per expansion project.

OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED BY THE COMPANY

The Company has no outstanding debentures or bonds. The Company has not issued any redeemable preference shares or other instruments in the past.

Stock Market Data for our Equity Shares

This being an initial public issue of the Company, the Equity Shares of the Company are not listed on any stock exchange.

DISPOSAL OF INVESTOR GRIEVANCES

Mechanism for Redressal of Investor Grievances

The Company has appointed Link Intime India Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue, namely Link Intime India Private Limited, will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-coordinating with the Registrar to the Issue in attending to the grievances to the investor.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant. We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Board by a resolution on April 04, 2014 constituted a Stakeholders Relationship Committee. The composition of the Stakeholders Relationship Grievance Committee is as follows:

Name of the Member	Nature of Directorship	Designation in Committee
Mr. Arakhita Khandual	Non-Executive Independent Director	Chairman
Mr. Gautam C. Gandhi	Non-Executive Independent Director	Member
Mrs. Nitika Chiripal	Non-Executive Non-Independent Director	Member

For further details, please see the chapter titled "*Our Management*" beginning on page 97 of this Prospectus.

The Company has also appointed Ms. Poonam Pabla as the Company Secretary and Compliance Officer for this Issue and she may be contacted at the Corporate Office of our Company. The contact details are as follows:

Name: Ms. Poonam Pabla

Address: Chiripal House, Near Shivranjani Cross Roads,
Satellite, Ahmedabad – 380015

Tel. No.: +91 – 79 – 26734660 / 62 / 63

Fax No.: +91 – 79 – 26768656

Email: poonam@chiripalgroup.com

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

Status of Investor Complaints

We confirm that we have not received any investor complaint during the three years preceding the date of this Prospectus and hence there are no pending investor complaints as on the date of this Prospectus.

DISPOSAL OF INVESTOR GRIEVANCES BY LISTED COMPANIES UNDER THE SAME MANAGEMENT

For details of Investor Grievances by Listed Companies under the same Management, see the chapter "Our Group Companies" beginning on page 114 of this Prospectus.

CHANGE IN AUDITORS

There has been no change in auditors of our company in the last 3 years.

CAPITALISATION OF RESERVES OR PROFITS

Except as stated in the chapter titled "*Capital Structure*" beginning on page 42 of this Prospectus, our Company has not capitalised our reserves or profits during the last five years.

REVALUATION OF ASSETS

We have not revalued our assets in the last 5 years.

SECTION IX – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

This Issue of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on April 04, 2014 and was approved by the Shareholders of the Company by passing a Special Resolution at the Extra-Ordinary General Meeting held with a shorter notice on April 08, 2014 in accordance with the provisions of Section 62 (1C) of the Companies Act, 2013.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment.

For further details, please see the section titled "*Main Provisions of the Articles of Association of our Company*" beginning on page 211 of this Prospectus.

Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act, 2013. For further details, please see the chapter titled "*Dividend Policy*" beginning on page 124 of this Prospectus.

Face Value and Issue Price

The Equity Shares having a face value of ₹ 10 each are being issued in terms of this Prospectus at the price of ₹45 per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the chapter titled "*Basis for Issue Price*" beginning on page 57 of this Prospectus. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- ✓ Right to receive dividend, if declared;
- ✓ Right to attend general meetings and exercise voting rights, unless prohibited by law;
- ✓ Right to vote on a poll either in person or by proxy;
- ✓ Right to receive offer for rights shares and be allotted bonus shares, if announced;
- ✓ Right to receive surplus on liquidation;
- ✓ Right of free transferability; and
- ✓ Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please see the section titled "*Main Provisions of Articles of Association of our company*" beginning on page 211 of this Prospectus.

Minimum Application Value; Market Lot and Trading Lot

As per the provisions of the Depositories Act, 1996, the shares of a Body Corporate can be in Dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

As per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialized form only.

Trading of the Equity Shares will happen in the minimum contract size of 3,000 Equity Shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012 and the same may be modified by BSE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Issue will be done in multiples of 3,000 Equity Share subject to a minimum allotment of 3,000 Equity Shares to the successful applicants.

Minimum Number of Allottees

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 12 Working days of closure of issue.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 72 (1) & 72 (2) of the Companies Act, 2013, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 (3) of the Companies Act, 2013, 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 accordance to Section 72 (4) of the Companies Act, 2013, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Articles of Association of the Company, any Person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

- ✓ to register himself or herself as the holder of the Equity Shares; or
- ✓ to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with. In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. If the issuer does not receive the subscription of 100% of the Issue through this Offer Document including devolvement of Underwriters within sixty days from the date of closure of the issue, the issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the issuer becomes liable to pay the amount, the issuer shall pay interest prescribed under section 40 of the Companies Act, 2013.

Arrangements for Disposal of Odd Lots

The trading of the Equity Shares will happen in the minimum contract size of 3,000 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.

Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please see the section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page 211 of this Prospectus.

Option to receive Equity Shares in Dematerialized Form

As per Section 29(1) of the Companies Act, 2013, allotment of Equity Shares will be made only in dematerialized form. As per SEBI’s circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialised form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME Platform of BSE.

Migration to Main Board

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter XB of the SEBI (ICDR) Regulation, 2009, our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- If the Paid up Capital of the company is likely to increase above ₹ 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.
- If the Paid up Capital of the company is more than ₹ 10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Market Making

The shares issued through this Issue are proposed to be listed on the SME Platform of BSE (SME Exchange), wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Maker of the SME Exchange for a minimum period of three years from the date of listing on the SME Platform of BSE.

For further details of the agreement entered into between our Company, the Lead Manager and the Market Maker, please see the chapter titled *"General Information - Details of the Market Making Arrangement for this Issue"* beginning on page 35 of this Prospectus.

New Financial Instruments

The Issuer Company is not issuing any new financial instruments through this Issue.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, Maharashtra. The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106 (M) (2) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital is more than ten crore rupees and upto twenty five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such this Issue, please see the chapters titled "*Terms of the Issue*" and "*Issue Procedure*" beginning on pages 183 and 189 respectively, of this Prospectus.

Following is the issue structure:

Public issue of 34,74,000 Equity Shares of ₹10 each (the "Equity Shares") for cash at a price of ₹45 per Equity Share (including a Share premium of ₹35 per Equity Share) aggregating to ₹1563.30 lakhs ("the Issue") by Vishal Fabrics Limited ("VFL" or the "Company" or the "Issuer"). The issue comprises a Net Issue to Public of 33,00,000 Equity Shares of ₹10 each ("the Net issue"), and a reservation of 1,74,000 Equity Shares of ₹10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion").

Particulars of the Issue	Net Issue to Public*	Market Maker Reservation Portion
Number of Equity Shares available for allocation	33,00,000 Equity Shares	1,74,000 Equity Shares
Percentage of Issue Size available for allocation	94.99% of the Issue Size	5.01% of the Issue Size
Basis of Allotment	Proportionate subject to minimum allotment of 3,000 Equity Shares and further allotment in multiples of 3,000 Equity Shares each.	Firm Allotment
Mode of Application	For QIB and NII Applicants the application must be made compulsorily through the ASBA Process. The Retail Individual Applicant may apply through the ASBA or the Physical Form.	Through ASBA Process Only
Minimum Application Size	<p><i>For QIB and NII:</i></p> <p>Such number of Equity Shares in multiples of 3,000 Equity Shares such that the Application Value exceeds ₹ 2,00,000.</p> <p><i>For Retail Individuals:</i></p> <p>3,000 Equity Shares</p>	1,74,000 Equity Shares
Maximum Application Size	<p><i>For QIB and NII:</i></p> <p>Such number of Equity Shares in multiples of 3,000 Equity Shares such that the Application Size does not exceed 33,00,000 Equity Shares.</p> <p><i>For Retail Individuals:</i></p> <p>3,000 Equity Shares</p>	1,74,000 Equity Shares
Mode of Allotment	Dematerialized Form	Dematerialized Form
Trading Lot	3,000 Equity Shares	3,000 Equity Shares, However the Market Maker may buy odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.	

** 50 % of the shares offered are reserved for allocation to applications below or equal to ₹2 lakhs and the balance for higher amount applications.*

Withdrawal of the Issue

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

- i. The final listing and trading approvals of BSE for listing of Equity Shares offered through this Issue on its SME Platform, which the Company shall apply for after Allotment; and
- ii. The final RoC approval of the Prospectus after it is filed with the RoC.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly. If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Issue Programme

ISSUE OPENING DATE	July 31, 2014
ISSUE CLOSING DATE	August 05, 2014

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

ISSUE PROCEDURE

Fixed Price Issue Procedure

This Issue is being made under Regulation 106 (M) (2) of Chapter XB of SEBI (ICDR) Regulations, 2009 via Fixed Price Process. Applicants are required to submit their Applications to the Selected Branches / Offices of the Escrow Bankers to the Issue / SCSBs who shall duly submit them to the Registrar of the Issue. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing. In case of Non-Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications based on technical grounds only.

Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the dematerialised form. The Application Forms which do not have the details of the Applicant's depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic application system of the stock exchanges by the Brokers (including sub-brokers) do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

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 person(s) in whose name the relevant beneficiary account is held. 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.

Application Form

Applicants (other than ASBA Applicants) shall only use the specified Application Form bearing the stamp of a Banker to the Issue for the purpose of making an application in terms of the Prospectus. Before being issued to the Applicants, the Application Form shall be serially numbered and date and time stamped at the collection centers and such form shall be issued in duplicate signed by the Applicant and countersigned by the relevant Banker to the Issue. The Application Form shall contain information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number.

ASBA Applicants are required to submit their applications only through the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form.

No separate receipts shall be issued for the money payable on the submission of Application Form. However, the collection centre of the Bankers to the Issue or SCSB, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

ASBA Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

Upon completion and submission of the Application Form to a Banker to the Issue or the SCSB, the Applicants are deemed to have authorised our Company to make the necessary changes in the Prospectus, without prior or subsequent notice of such changes to the Applicants.

The prescribed colour of the Application Form for various categories is as follows:

Category	Colour
Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA and Non-ASBA)	White
Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis (ASBA and Non-ASBA)	Blue

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f. May 02, 2011, the Non-Institutional Applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

Who Can Apply?

1. Indian nationals resident in India, who are not minors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: —Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorised to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
6. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB portion;
8. Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Applications portion;
9. VCFs registered with SEBI;
10. FVCIs registered with SEBI;
11. Eligible QFIs;
12. Multilateral and bilateral development financial institutions;
13. State Industrial Development Corporations;
14. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
15. Scientific and/or industrial research organizations authorized in India to invest in equity shares;
16. Insurance companies registered with Insurance Regulatory and Development Authority;
17. Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
18. Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
19. Limited liability partnerships;
20. National Investment Fund set up by resolution no. F.NO.2/3/2005-DDII dated November 23, 2005 of the GoI, published in the Gazette of India;
21. Nominated Investor and Market Maker

22. Insurance funds set up and managed by the army, navy or air force of the Union of India and by the Department of Posts, India
23. Any other person eligible to Apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Applications not to be made by:

1. Minors
2. Partnership firms or their nominations
3. Foreign Nationals (except NRIs)
4. Overseas Corporate Bodies

Availability of Prospectus and Application Forms:

The Memorandum Form 2A containing the salient features of the Prospectus together with the Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue, Registrar to the Issue and the collection Centers of the Bankers to the Issue, as mentioned in the Application Form. The application forms may also be downloaded from the website of SME Platform of BSE Limited i.e. www.bsesme.com.

Option to Subscribe in the Issue

- a. Investors will have the option of getting the allotment of specified securities either in physical form or in dematerialization form.
- b. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines.

Participation by Associates of Lead Manager

Except for the Underwriting Obligations, the Lead Manager shall not be allowed to subscribe to this Issue in any manner. However, associates and affiliates of the Lead Manager may subscribe to or purchase Equity Shares in the Issue, where the allocation is on a proportionate basis.

Application by Indian Public including eligible NRIs applying on Non-Repatriation

Application must be made only in the names of individuals, Limited Companies or Statutory Corporations/ Institutions and not in the names of Minors, Foreign Nationals, Non Residents (except for those applying on non-repatriation), Trusts (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorized under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, Partnership firms or their nominees. In case of HUFs application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of securities exceeding the number of securities offered to the public.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid up share capital carrying voting rights.

Multiple Applications: 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/FIIs on Repatriation Basis

Application Forms have been made available for Eligible NRIs at our registered Office. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRI's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRI's on repatriation basis. Allotment of Equity Shares to Non-Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian Tax Laws and regulations and any other applicable laws. The Company does not require approvals from FIPB or RBI for the Transfer of Equity Shares in the issue to eligible NRI's, FII's, Foreign Venture Capital Investors registered with SEBI and multilateral and bilateral development financial institutions.

As per the current Regulations, the following Restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual. In accordance with the foreign investment limits applicable to our Company, such investment must be made out of funds raised or collected or brought from outside India through normal banking channels and the investment must not exceed the overall ceiling specified for FIIs. Under the portfolio investment scheme, the aggregate issue of equity shares to FIIs and their sub-accounts should not exceed 24% of post-issue paid-up equity capital of a company. However, this limit can be increased to the permitted sectoral cap/statutory limit, as applicable to our Company after obtaining approval of its Board of Directors followed by a special resolution to that effect by its shareholders in their general meeting. As of the date of the Prospectus, 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 SEBI (Foreign Institutional Investors) Regulations 1995, as amended, by the SEBI (Foreign Institutional Investors)(Amendment) Regulations, 2008 ("SEBI FII Regulations"), an FII, as defined in the SEBI FII Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the Lead Manager that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

Applications by Eligible QFIs

The RBI in its circular dated January 13, 2012 has permitted Eligible QFIs to purchase equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have been permitted to invest through SEBI registered qualified depository participants ("DP") in equity shares of Indian companies which are offered to the public in India in accordance with SEBI regulations. The individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital respectively. These limits are in addition to the investment limits prescribed under the portfolio investment scheme for FIIs and NRIs. However, in cases of those sectors which have composite foreign investment caps, Eligible QFI investment limits are required to be considered within such composite foreign investment cap.

SEBI in its circular dated January 13, 2012 has specified among other things eligible transactions for Eligible QFIs (which includes purchase of equity shares in public issues to be listed on recognised stock exchanges and sale of equity

shares held by Eligible QFIs in their demat account through SEBI registered brokers), manner of operation of demat accounts by Eligible QFIs, transaction processes and investment restrictions. SEBI has specified that transactions by Eligible QFIs shall be treated at par with those made by Indian non-institutional investors with respect to margins, voting rights, public issues etc.

Eligible QFIs are required to instruct their DPs to make the application on their behalf for the Issue. DPs are advised to use the Application Form meant for Non-Residents (blue in colour). DPs are required to utilise the ASBA process to participate in the Issue.

Eligible QFIs are not permitted to issue off-shore derivative instruments or participatory notes.

Applications by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI Registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one Company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one Company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Applications by Limited Liability Partnerships

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended ("LLP Act") a certified copy of certificate of registration issued under the LLP Act must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof.

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, our Company reserves the right to reject any application, without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment Scheme) (5th Amendment) Regulations, 2013, 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 15% of the respective fund in case of a life insurer or a general insurer or reinsurer or 15% of investment assets in all companies belonging to the group; and
- c) The industry sector in which the investee company operates: the least of 15% of the respective fund in case of a life insurer or a general insurer or reinsurer or 15% of investment assets.

In addition, the IRDA partially amended the exposure limits applicable to investments in public limited companies in the infrastructure and housing sectors, i.e. December 26, 2008, providing, among other things, that the exposure of an insurer to an infrastructure company may be increased to not more than 20%, provided that in case of equity investment, a dividend of not less than 4% including bonus should have been declared for at least five preceding years. This limit of 20% would be combined for debt and equity taken together, without sub ceilings.

Further, investments in equity including preference shares and the convertible part of debentures shall not exceed 50% of the exposure norms specified under the IRDA Investment Regulations.

Application by Provident Funds/ Pension Funds

In case of applications made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any application, without assigning any reason thereof.

Application under Power of Attorney

In case of applications made pursuant to a power of attorney by Limited Companies, Corporate Bodies, Registered Societies, Mutual Funds, Eligible QFIs, Insurance Companies and Provident Funds with minimum corpus of ₹ 25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 Crores a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged 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 therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to applications by Mutual Funds, 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 reasons thereof.
- b) With respect to applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- c) With respect to applications made by provident funds with minimum corpus of ₹ 25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹ 25 Crores, a certified copy of a certificate from a Chartered Accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that our Company, the lead manager may deem fit.

Our Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice / CANs / refund orders / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Application Form instead of those obtained from the Depositories.

The above information is given for the benefit of the Applicants. The Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Application Size

a) For Retail Individual Applicants:

The Application must be for a minimum of 3,000 Equity Shares and in multiples of 3,000 Equity Shares thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed ₹ 2,00,000.

b) For Other Applicants (Non-Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 2,00,000 and in multiples of 3,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Applicant cannot withdraw or lower the size of their Applications (both in terms of number of Equity Shares applied for and Application Amount) at any stage and are required to pay the entire Application Amount upon submission of the Application.**

The identity of QIBs applying in the Net Issue under the QIB Portion shall not be made public during the subscription Period. In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

Information for the Applicants

- a) Our Company will file the Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
- b) The Lead Manager will circulate copies of the Prospectus along with the Application Form to potential investors.
- c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office or from the Corporate Office of the Lead Manager.
- d) Applicants who are interested in subscribing for the Equity Shares should approach the Lead Manager or their authorized agent(s) to register their Applications.
- e) Applications made in the name of Minors and/or their nominees shall not be accepted.
- f) Applicants are requested to mention the application form number on the reverse of the instrument to avoid misuse of instrument submitted along with the application for shares. Applicants are advised in their own interest, to indicate the name of the bank and the savings or current a/c no in the application form. In case of refund, the refund order will indicate these details after the name of the payee. The refund order will be sent directly to the payee's address.

ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) APPLICANTS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link.

ASBA Process

A Resident Retail Individual Investor shall submit his Application through an Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Applicant or bank account utilized by the ASBA Applicant ("ASBA Account") is maintained. The Application Form shall bear the stamp of the SCSBs and if not, the same shall be rejected.

The SCSB shall block an amount equal to the Application Amount in the bank account specified in the ASBA Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Application. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against the

allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Application, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchange. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Applicants to the ASBA Public Issue Account.

In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Lead Manager. ASBA Applicants are required to submit their Applications, either in physical or electronic mode. In case of application in physical mode, the ASBA Applicant shall submit the ASBA Application Form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Applicant shall submit the Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA account held with SCSB, and accordingly registering such Applications.

Who can apply?

In accordance with the SEBI (ICDR) Regulations, 2009 in public issues w.e.f. May 1, 2010 all the investors can apply through ASBA process and w.e.f May 02, 2011, the Non-Institutional applicants and the QIB Applicants have to compulsorily apply through the ASBA Process.

Mode of Payment

Upon submission of an Application Form with the SCSB, whether in physical or electronic mode, each ASBA Applicant shall be deemed to have agreed to block the entire Application Amount and authorize the Designated Branch of the SCSB to block the Application Amount, in the bank account maintained with the SCSB. Application Amount paid in cash, by money order or by postal order or by stock invest, or ASBA Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Applicants from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Application Amount, as per the Application Form submitted by the respective ASBA Applicants, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Applicant to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Application Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

ESCROW MECHANISM

For details of the escrow mechanism and payment instructions, see chapter titled “*Issue Procedure – Payment Instructions*” on page 200 of this Prospectus.

ELECTRONIC REGISTRATION OF APPLICATIONS

1. The Broker / Sub Broker and SCSBs will register the Applications using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Applications are being accepted. The Lead Manager, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the Brokers and the SCSBs, (ii) the Applications uploaded by the Brokers and the SCSBs, (iii) the

Applications accepted but not uploaded by the Brokers and the SCSBs or (iv) with respect to ASBA Applications, Applications accepted and uploaded without blocking funds in the ASBA Accounts.

2. The SCSBs shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs and (iv) with respect to Applications by ASBA Applicants, Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account.
3. In case of apparent data entry error either by the Broker / Sub Broker or the collecting bank in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s).
4. The Brokers / Sub Brokers and SCSBs will undertake modification of selected fields in the Application details already uploaded within one Working Day from the Issue Closing Date.
5. The Stock Exchanges will offer an electronic facility for registering Applications for the Issue. This facility will be available with the Brokers and the SCSBs during the Issue Period. The Brokers / Sub Brokers and the Designated Branches can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Issue Closing Date, the Brokers and the Designated Branches shall upload the Applications till such time as may be permitted by the Stock Exchanges. This information will be available with the Brokers / Sub Brokers on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.
6. At the time of registering each Application and each ASBA Application submitted by an ASBA Applicant, the Brokers and the Designated Branches shall enter the following details of the investor in the on-line system, as applicable:
 - Name of the Applicant
 - IPO Name
 - Application Form number
 - Investor Category;
 - PAN (of First Applicant, if more than one Applicant);
 - DP ID of the demat account of the Applicant;
 - Client Identification Number of the demat account of the Applicant;
 - Numbers of Equity Shares Applied for;
 - Cheque Details in case of Applications other than ASBA Application and Bank Account details in case of ASBA Applicants;
 - Location of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
 - Bank account number.

In case of submission of the Application by an ASBA Applicant through the Electronic Mode, the ASBA Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA Application Form number which shall be system generated.

7. A system generated TRS will be given to the Applicant as a proof of the registration of the application. It is the Applicant's responsibility to obtain the TRS from the Brokers / Sub Brokers or the Designated Branches. The registration of the Application by the Brokers / Sub Brokers or the Designated Branches does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
8. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
9. In case of QIB Applicants, the Lead Manager has the right to accept the Application or reject it. However, the rejection should be made at the time of receiving the Application and only after assigning a reason for such

rejection in writing. In case of Non-Institutional Applicants and Retail Individual Applicants, Applications would be rejected on the technical grounds.

10. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
11. Only Applications that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The Brokers / Sub Brokers will be given up to one day after the Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar will receive this data from the Stock Exchanges and will validate the electronic Application details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely DP ID, Beneficiary Account Number and PAN, then such Applications are liable to be rejected.

SIGNING OF UNDERWRITING AGREEMENT AND ROC FILING

Our Company and the Underwriters shall enter into an Underwriting Agreement as per the terms of Regulation 106P of the SEBI (ICDR) Regulations, 2009 amendments thereto from time to time.

Filing of the Prospectus with the RoC

Our Company will file a copy of the Prospectus with the RoC at Roc Bhavan ,Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013 as required under the Companies Act.

ANNOUNCEMENT OF PRE-ISSUE ADVERTISEMENT

Subject to Section 30 of the Companies Act, 2013, the Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper, one widely circulated Hindi language national daily newspaper and one widely circulated regional daily newspaper. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price.

ISSUANCE OF A CONFIRMATION OF ALLOCATION NOTE ("CAN")

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the Lead Manager or Registrar to the Issue shall send to the SCSBs a list of their Applicants who have been allocated Equity Shares in the Issue.
2. The Registrar will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant.

DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

1. Our Company will ensure that (i) the Allotment of Equity Shares; and (ii) credit to the successful Applicant's depository account will be completed within 12 Working Days of the Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Applicant's depository account is completed within Twelve Working Days from the date of closure of the Issue.
2. In accordance with section 29(1) of the Companies Act, 2013, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
3. Allottees will have the option to re-materialise the Equity Shares so allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be credited to their depository account pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

Don'ts:

- Do not apply for lower than the minimum Application size;
- Do not apply at a Price Different from the Price Mentioned herein or in the Application Form
- Do not apply on another Application Form after you have submitted an Application to the Bankers of the Issue / SCSB.
- Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
- 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.

Instructions for Completing the Application Form

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. ASBA Application Forms should bear the stamp of the SCSB's. ASBA Application Forms, which do not bear the stamp of the SCSB, will be rejected.

Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at their sole risk along with Demand Draft payable at par.

Applicant's Depository Account and Bank Details

Please note that, providing bank account details in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Applicants. Hence, Applicants are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Applicants at the Applicants sole risk and neither the Lead Manager or the Registrar or the Escrow Collection Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs / Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Applications by Non-Residents including Eligible NRIs, FIIs and Foreign Venture Capital Funds on a repatriation basis

Applications and revision to Applications must be made in the following manner:

1. On the Application Form or the Revision Form, as applicable (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained overleaf.
2. In a single name only.
3. Applications on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of persons not competent to contract under the Indian Contract Act, 1872, as amended, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Applications by Eligible NRIs for an amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Applications for an amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. Our Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Applicants other than ASBA Applicants

Our Company shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Applicants (other than ASBA Applicants) shall make out the cheque or demand draft in respect of his or her Application and/or revision of the Application. Cheques or demand drafts received for the full Application Amount from Applicants in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Applicants shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account opened with the Public Issue Account Bank. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Applicants shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Prospectus.

The Applicants should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Applicants.

Terms of Payment / Payment Instructions

The entire Issue Price of ₹ 45 per share is payable on application. In case of allotment of lesser number of Equity shares than the number applied, the Company shall refund the excess amount paid on Application to the Applicants.

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co operative Bank), which is situated at, and is a member of or sub member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

Cash/ Stock invest/ Money Orders/ Postal orders will not be accepted.

A separate Cheque or Bank Draft should accompany each Application Form. Applicants should write the Share Application Number on the back of the Cheque /Draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders / Postal Notes will not be accepted.

Each Applicant shall draw a cheque or demand draft for the amount payable on the Application as per the following terms:

- 1) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - Indian Public including eligible NRIs applying on non-repatriation basis: "Escrow Account – VFL – R".
 - In case of Non-Resident Retail Applicants applying on repatriation basis: "Escrow Account – VFL – NR"
- 2) In case of Application by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
- 3) Where an Applicant has been allocated a lesser number of Equity Shares than the Applicant has applied for, the excess amount, if any, paid on Application, after adjustment towards the amount payable by the Pay-In Date on the Equity Shares allocated will be refunded to the Applicant from the Refund Account.
- 4) On the Designated Date and no later than 12 Working days from the Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Applicants and also the excess amount paid on Application, if any, after adjusting for allocation / Allotment to the Applicants.

For Terms of Payment / Payment Instructions for ASBA Applicants, please see “Issue Procedure for ASBA Applicants” under the chapter “Issue Procedure” on page 195 of this Prospectus.

Payment by Stock Invest

In terms of the RBI Circular No. DBOD No. FSC BC 42 / 24.47.00 / 2003-04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

SUBMISSION OF APPLICATION FORM

All Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Brokers / Sub Brokers at the time of submission of the Application. With regard to submission of Application Forms, please refer to the sub-section on “Issue Procedure - Application Form” on page 189 of this Prospectus.

Kindly note that the Brokers / Sub Brokers at the Collection Centers may not accept the Application if there is no branch of the Escrow Collection Banks at that location.

No separate receipts shall be issued for the money payable on the submission of Application Form or Revision Form. However, the collection centre of the Brokers / Sub Brokers will acknowledge the receipt of the Application Forms or Revision Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. In case of ASBA Applications, an acknowledgement from the Designated Branch or concerned Brokers / Sub Brokers, as the case may be, for submission of the Application Form may be provided.

OTHER INSTRUCTIONS

Joint Applications in the case of Individuals

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Applications

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- a. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications
- b. 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.
- c. 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.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number ("PAN") to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Applicants should mention his/her PAN allotted under the IT Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

Right to Reject Applications

In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications provided that the reasons for rejecting the same shall be provided to such Applicant in writing. In case of Non Institutional Applicants and Retail Individual Applicants who applied, the Company has a right to reject Applications based on technical grounds.

Grounds for Technical Rejections

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares applied for;
2. 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;
3. Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
4. PAN not mentioned in the Application Form;
5. GIR number furnished instead of PAN;
6. Applications for lower number of Equity Shares than specified for that category of investors;
7. Applications at a price other than the Fixed Price of the Issue;
8. Applications for number of Equity Shares which are not in multiples of 3,000;
9. Category not ticked;
10. Multiple Applications as defined in this Prospectus;
11. In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
12. Applications accompanied by Stock invest/ money order/ postal order/ cash;
13. Signature of sole Applicant is missing;
14. 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;
15. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
16. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
17. Applications where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
18. Applications by OCBs;
19. Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
20. Applications not duly signed;

21. Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
22. Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
23. Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
24. Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
25. Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of ₹ 2,00,000 received after 3.00 pm on the Issue Closing Date;

APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE SCSBs DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 29 (1) of the Companies Act, 2013, the allotment of Equity Shares in this Issue shall be only in de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, the Company has signed two agreements with the respective Depositories and the Registrar to the Issue:

1. Agreement dated June 18, 2014 with NSDL, the Company and the Registrar to the Issue;
2. Agreement dated May 23, 2014 with CDSL, the Company and the Registrar to the Issue.

All Applicants can seek allotment only in dematerialised mode. Applications from any Applicant without relevant details of his or her depository account are liable to be rejected.

1. 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.
2. The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
3. Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
4. Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository.
5. If incomplete or incorrect details are given under the heading 'Investors Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
6. The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis-à-vis those with his or her Depository Participant.
7. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
9. Allotment advice or refund orders will be directly sent to the Applicants by the Registrar to the Issue.

Communications

All future communications in connection with the Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre Issue or post Issue related problems such as non receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Applicants who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within twelve working days of date of closure of the Issue.

In case of applicants who receive refunds through ECS, Direct Credit or NEFT, the refund instructions will be given to the clearing system within 12 working days from the Issue Closing Date. A suitable communication shall be sent to the Applicants receiving refunds through this mode within 12 working days of Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 12 working days of closure of the issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

- 1) Allotment of Equity Shares shall be made within 12 (twelve) working days of the Issue Closing Date;
- 2) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 (twelve) working days of the Issue Closing Date would be ensured; and

The Company shall pay interest at 15% p.a. for any delay beyond the 12 (twelve) working days time period as mentioned, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 12 (twelve) working days time.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447 of the said Act.”

BASIS OF ALLOTMENT

Allotment will be made in consultation with BSE Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- 1) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
- 2) The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio).
- 3) For applications where the proportionate allotment works out to less than 3,000 equity shares the allotment will be made as follows:
 - a) Each successful applicant shall be allotted 3,000 equity shares; and
 - b) The successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
- 4) If the proportionate allotment to an applicant works out to a number that is not a multiple of 3,000 equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of 3,000 equity shares subject to a minimum allotment of 3,000 equity shares.
- 5) If the Shares allocated on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allocated Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the lower nearest multiple of 3,000 equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.
- 6) The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
 - a) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
 - b) The balance net offer of shares to the public shall be made available for allotment to (i) individual applicants other than retails individual investors and (ii) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - c) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to applicants in the other category, if so required.

If the retail individual investor category is entitled to more than fifty percent on proportionate basis, the retail individual investors shall be allocated that higher percentage.

'Retail Individual Investor' means an investor who applies for shares of value of not more than ₹ 2,00,000. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to the Lead Manager and the Registrar to this Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2009.

PROCEDURE AND TIME SCHEDULE FOR TRANSFER OF EQUITY SHARES

The Issue will be conducted through the “Fixed Price Method” pursuant to which the Brokers / Sub-Brokers and SCSBs will accept Applications for the Equity Shares during the Issue Period. The Issue Period will commence on July 31, 2014 and expire on August 05, 2014. Following the expiration of the Issue Period, our Company, in consultation with the Lead Manager, will determine the basis of allotment and entitlement to allotment based on the applications received and subject to the confirmation by the Stock Exchanges. Successful Applicants will be provided with a confirmation of their allocation for the Equity Shares within a prescribed time. The SEBI (ICDR) Regulations, 2009 require our Company to complete the allotment to successful Applicants within 12 days of the expiration of the Issue Period. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

LETTERS OF ALLOTMENT OR REFUND ORDERS OR INSTRUCTIONS TO THE SCSBs

The Registrar to the Issue shall give instructions for credit of the Allotted Equity Shares to the beneficiary account with depository participants within 12 Working Days from the Issue Closing Date. Applicants residing at the centers where clearing houses are managed by the RBI will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and NEFT. Our Company shall ensure dispatch of refund orders, if any, by registered post or speed post at the sole or First Applicant’s sole risk within 12 Working Days of the Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of closure of Issue Closing Date. In case of ASBA Applicants, the Registrar shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

REFUNDS

In case of Applicants receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant’s identity (DP ID) and the Beneficiary’s Identity, then such Applications are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic Details as given in the Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.

Payment of Refund

Applicants must note that on the basis of name of the Applicants, Depository Participant’s name, DP ID, Beneficiary Account number provided by them in the Application Form, the Registrar will obtain, from the Depositories, the Applicants’ bank account details, including the nine digit Magnetic Ink Character Recognition (“MICR”) code as appearing on a cheque leaf. Hence Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in

dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Applicants' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the Lead Manager shall be liable to compensate the Applicants for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

MODE OF MAKING REFUNDS

The payment of refund, if any, would be done through various modes as given hereunder:

- 1) **ECS (Electronic Clearing System)** - Payment of refund would be done through ECS for applicants having an account at any of the centres where such facility has been made available 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 the Company.
- 3) **NEFT (National Electronic Fund Transfer)** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
- 4) For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS OR REFUND ORDERS/ INSTRUCTION TO THE SCSBs BY THE REGISTRAR

The issuer agrees that as far as possible allotment of securities offered to the public shall be made within twelve (12) days of the closure of public issue. The issuer further agrees that it shall pay interest at the rate of fifteen (15) per cent per annum if the allotment letters or refund orders have not been despatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within fifteen days from the date of the closure of the issue. However applications received after the closure of issue in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

UNDERTAKINGS BY OUR COMPANY

The Company undertakes the following:

- 1) That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- 2) That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 12 (twelve) working days of closure of the Issue;
- 3) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;

- 4) That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 (twelve) working days of the Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- 5) That the letter of allotment/ refund orders to the non resident Indians shall be dispatched within specified time; and
- 6) That no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Application monies are refunded on account of non listing, under subscription etc.
- 7) That Adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment;
- 8) That we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

UTILIZATION OF ISSUE PROCEEDS

Our Board certifies that:

- 1) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act, 2013;
- 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 Stock Exchange where listing is sought has been received.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of BSE for listing of Equity Shares offered through this issue on its SME Platform, which the Company shall apply for after Allotment.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper. The Stock Exchanges where the Equity Shares are proposed to be listed shall also be informed promptly.

If the Company withdraws the Issue after the Application Closing Date, the Company will be required to file a fresh Draft Offer Document with the Stock Exchange.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 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 is allowed up to 100% under automatic route in our Company.

India's current 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 supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government proposes to update the consolidated circular on FDI Policy once every Year and therefore, Circular 1 of 2012 will be valid until the DIPP issues an updated circular. (It is expected on April 10, 2013 and effective from April 10, 2013).

FII's are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares by an Indian resident to 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 Consolidated FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI. Further, in terms of the Consolidated FDI Policy, prior approval of the RBI shall not be required for transfer of shares between an Indian resident and person not resident in India if conditions specified in the Consolidated FDI Policy have been met. The transfer of shares of an Indian company by a person resident outside India to an Indian resident, where pricing guidelines specified by RBI under the foreign exchange regulations in India are not met, will not require approval of the RBI, provided that (i) the original and resultant investment is in line with Consolidated FDI policy and applicable foreign exchange regulations pertaining to inter alia sectoral caps and reporting requirements; (ii) the pricing is in compliance with applicable regulations or guidelines issued by SEBI; and (iii) a compliance certificate in this regard is obtained from chartered accountant and attached to the filings made before the authorised dealer bank.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them.

SECTION X – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Table F in Schedule I of the Companies Act, 2013, the main provisions of the Articles of Association of our Company are detailed below:

These Articles of Association were adopted in substitution for and to the entire exclusion of the earlier Articles of Association at the Extra-ordinary General Meeting of the Company held on 8th April, 2014.

SHARE CAPITAL AND VARIATION OF RIGHTS

4. Subject to the provisions of the Act and these Articles, the shares in the capital of the company 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 and at such time as they may from time to time think fit.
5. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided:—
 - (a) one certificate for all his shares without payment of any charges; or
 - (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
 - (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
 - (iii) In respect of any 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 for a share to one of several joint holders shall be sufficient delivery to all such holders.
6. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back 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 is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
 - (ii) The company may issue new share certificates pursuant to consolidation or sub-division of share certificate(s) upon written request received from shareholder together with production and surrender of respective original share certificate(s). Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
 - (iii) The provisions of Articles (5) and (6) shall mutatis mutandis apply to debentures of the company.
7. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
8. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate percent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
 - (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

9. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 106 & 107 of Companies Act, 1956, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
10. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
11. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

LIEN

12. (i) The company shall have a first and paramount lien—
- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
- (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

13. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

14. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

15. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like 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.

CALLS ON SHARES

16. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:
- Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
- (ii) Each member shall, subject to receiving at least fourteen days notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
- (iii) A call may be revoked or postponed at the discretion of the Board.
- (iv) Company may delegate power to make calls on shares subject to approval of the shareholders in a general meeting of the company.
17. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments
18. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
19. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
20. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
21. The Board—
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve percent. per annum, as may be agreed upon between the Board and the member paying the sum in advance but shall not confer a right to dividend or to participate in profits.

TRANSFER OF SHARES

22. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
- (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
23. The Board may, subject to the right of appeal conferred by section 58 decline to register—
- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the company has a lien.
24. The Board may decline to recognise any instrument of transfer unless—
- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

25. On giving not less than seven days previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

26. Subject to the provisions of Section 59 of Companies Act, 2013, the Board may decline to register any transfer of Shares on such grounds as it think fit in the benefit of the company (notwithstanding that the proposed transferee be already a Member), but in such case it shall, within two months from the date the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer giving reasons for such refusal. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company.

TRANSMISSION OF SHARES

27. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

28. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

29. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

30. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

31. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a

notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

32. The notice aforesaid shall—
(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
33. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
34. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
35. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
36. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
(iii) The transferee shall thereupon be registered as the holder of the share
(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
37. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

38. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
39. Subject to the provisions of section 61, the company may, by ordinary resolution,—
(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

40. Where shares are converted into stock,—
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations 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.
- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.
41. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—
- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.

CAPITALISATION OF PROFITS

42. (i) The company in general meeting may, upon the recommendation of the Board, resolve—
- (a) that it is desirable to capitalise 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 (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—
- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (B) 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;
- (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
- (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
43. (i) 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 capitalised thereby, and all allotments and issues of fully paid shares if any; and
- (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(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 capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

DEMATERIALISATION OF SECURITIES

44. (i) For the purpose of this Article:-

"Beneficial Owner": Beneficial Owner shall have the meaning assigned thereto in section 2(1)(a) of the Depositories Act, 1996.

"Depositories Act": Depositories Act shall mean the Depositories Act, 1996 and includes any statutory modification or re-enactment thereof for the time being in force.

"Depository": Depository shall mean a Depository as defined in section 2(1)(e) of the Depositories Act, 1996.

"Member": Member shall mean a duly registered holder from time to time of the security of the company and includes every person whose name is entered as beneficial owner in the records of the Depository.

"Security": Security shall mean such security as may be specified by SEBI.

(ii) **"Dematerialisation of Securities"**: Notwithstanding anything on the contrary contained in this Article, the company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form and further to rematerialise the securities held on depository pursuant to the Depositories Act, 1996 or any amendment thereof.

(iii) **"Option to hold securities in physical form or with depository"**: Every person holding securities of the company through allotment or otherwise shall have the option to receive and hold the same in the dematerialised form with a depository.

(iv) **"Beneficial Owner may opt out of a Depository"**: Every person holding securities of the company with a depository, being the beneficial owner thereof, may at any time opt out of the depository in the manner provided under the provisions of the Depositories Act and the Rules, if any, prescribed there under and on fulfilment of the conditions prescribed by the company from time to time, company shall issue the relevant security certificates to the beneficial owner thereof.

(v) **"Securities in Depositories to be in fungible form"**: All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(vi) **"Rights of depository and beneficial owners"**: A depository shall be deemed to be the registered owner for the purposes of affecting the transfer of ownership of securities on behalf of the beneficial owners and shall not have any voting rights or any other rights in respect of the securities held by it.

(vii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all rights and benefits and be subject to all the liabilities in respect of his/her securities, which are held by a depository.

(viii) **"Transfer of securities"**: Transfer of security held in a depository will be governed by the provisions of the Depository Act, 1996. Nothing contained in Section 108, of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(ix) **"Register and Index of beneficial owners"**: The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles.

(x) **"Other matters"**: Notwithstanding anything contained in these Articles, the provision of Depositories Act, 1996 relating to dematerialisation of securities including any modification(s) or re-enactment thereof and Rules/Regulations made there under shall prevail accordingly.

(xi) Notwithstanding anything contained in the Act or the Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or disks.

NOMINATION

45. Notwithstanding anything contained in Articles, every holder of shares(s) or debenture(s) of the Company may, at any time, nominate, in the prescribed manner, a person to whom these share(s) shall vest in the event of his death and the provisions of Section 109A and Section 109B of the Companies Act, 1956 shall apply in respect of such nomination.

The provisions of this Article shall apply mutatis mutandis to a depository of money with the Company as per the provisions of Section 58A of the Act.

BUY-BACK OF SHARES

46. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

GENERAL MEETINGS

47. All general meetings other than annual general meeting shall be called extraordinary general meeting.
48. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

PROCEEDINGS AT GENERAL MEETINGS

49. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
50. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
51. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
52. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

ADJOURNMENT OF MEETING

53. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING RIGHTS

54. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—
(a) on a show of hands, every member present in person shall have one vote; and
(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
55. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
56. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
57. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
58. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
59. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
60. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

PROXY

61. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
62. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
63. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

64. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them.
65. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
- (b) in connection with the business of the company.
66. The Board may pay all expenses incurred in getting up and registering the company.
67. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
68. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
69. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
70. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- (ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

PROCEEDINGS OF THE BOARD

71. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
72. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
73. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
74. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their member to be Chairperson of the meeting.
75. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
76. (i) A committee may elect a Chairperson of its meetings.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
77. (i) A committee may meet and adjourn as it thinks fit.
- (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
78. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
79. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

80. Subject to the provisions of the Act,—
- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
- (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
81. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

THE SEAL

82. (i) The Board shall provide for the safe custody of the seal.
- (ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

DIVIDENDS AND RESERVE

83. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
84. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
85. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; 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 Board may, from time to time, think fit.
- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
86. (i) 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.
- (ii) 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.
- (iii) 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.
87. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
88. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
89. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
90. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
91. No dividend shall bear interest against the company.
92. No unclaimed Dividend shall be forfeited, and unclaimed Dividends shall be dealt with in accordance with the applicable provisions of the Act

ACCOUNTS

93. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.
- (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

WINDING UP

94. If the Company shall be wound-up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members in specie or in kind, the whole or, any part of the assets of the Company, whether they consist of property of the same kind or not.
95. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members of different classes of members.
96. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator shall think fit but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

97. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

SECTION XI – 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 the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this 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 10 a.m. and 5 p.m. on all Working Days from Application/Issue Opening Date until the Application/Issue Closing Date.

A. Material Contracts

1. Memorandum of Understanding dated May 14, 2014 between our Company and the Lead Manager.
2. Memorandum of Understanding dated May 14, 2014 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated July 07, 2014 between our Company, the Lead Manager, Escrow Collection Bank(s), Refund bank and the Registrar to the Issue.
4. Market Making Agreement dated May 14, 2014 between our Company, the Lead Manager and the Market Maker.
5. Underwriting Agreement dated May 15, 2014 between our Company and the Lead Manager and the Market Maker.
6. Tripartite agreement between the NSDL, our Company and the Registrar dated June 18, 2014.
7. Tripartite agreement between the CDSL, our Company and the Registrar dated May 23, 2014.

B. Material Documents

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Copy of Certificate of Incorporation of Vishal Fabrics Limited.
3. Resolution of the Board of Directors meeting dated April 04, 2014, authorizing the Issue.
4. Shareholders' resolution passed at the Extra-Ordinary General Meeting dated April 08, 2014 authorizing the Issue.
5. Consent from the Statutory Auditors for inclusion of their reports on the restated accounts in this Prospectus.
6. Statutory Auditor's report for Restated Financials dated July 02, 2014 included in this Prospectus.
7. The Statement of Tax Benefits dated June 30, 2014 from our Statutory Auditors.
8. Consent of our Directors, Company Secretary and Compliance Officer, CFO, LM, Legal Advisor to the Issue, Registrar to the Issue, Bankers to our Company, Market Maker, Underwriters, Escrow Collection Bank(s) and Refund Bank as referred to in their specific capacities.
9. Due Diligence Certificate(s) dated July 22, 2014 of the Lead Manager to be submitted to SEBI along with the filing of the Prospectus.
10. Copy of resolution passed at the meeting of Board of Directors held on July 22, 2014 for approving this Prospectus

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11. Approval from BSE vide letter dated July 01, 2014 to use the name of BSE in this Offer Document for listing of Equity Shares on the SME Platform of the BSE.

None of the contracts or documents mentioned in this Prospectus may be amended or modified at any time.

DECLARATION

We, the Directors of the Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified) and the guidelines issued by the Government of India or the regulations or guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Prospectus is contrary to the provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified), the Securities and Exchange Board of India Act, 1992, each as amended or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in the Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY:

Mr. Jyotiprasad Chiripal
(Managing Director)

Mrs. Nitika Chiripal
(Non-Executive Non Independent Director)

Mr. Arakhita Khandual
(Non-Executive Independent Director)

Mr. Gautam C. Gandhi
(Non-Executive Independent Director)

Mr. Mahesh Kawat
(Chief Financial Officer)

Ms. Poonam Pabla
(Company Secretary & Compliance Officer)

Date: July 22, 2014
Place: Ahmedabad